

November 24, 2025

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

Re: Niagara Mohawk Power Corporation  
Docket No. ER26-\_\_\_\_  
Proposed Formula Rate Template and Protocols  
Under NYISO OATT Attachment H and Rate Schedule 19

Dear Secretary Reese:

Pursuant to Sections 205 and 219 of the Federal Power Act (“FPA”)<sup>1</sup> and Part 35 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations,<sup>2</sup> and consistent with the Commission’s “Order Accepting Proposed Cost Sharing and Recovery Agreement, Rate Schedule, Tariff Revisions, and Certificates of Concurrence” issued August 19, 2022, in Docket Nos. ER22-2152-000, *et al.*,<sup>3</sup> the New York Independent System Operator (“NYISO”), as administrator of the NYISO Open Access Transmission Tariff (“OATT” or “Tariff”), submits via eTariff on behalf of Niagara Mohawk Power Corporation d/b/a National Grid (“NMPC”)<sup>4</sup> this filing to amend the NYISO OATT to allow NMPC to recover the costs of transmission projects it is developing in support of New York State public policy goals (the “NMPC Phase 2 Projects”).<sup>5</sup>

Specifically, this filing is intended to implement NMPC’s formula rate template and associated protocols (together “Formula Rate”) under Rate Schedule 19 and Attachment H to the NYISO OATT to support NMPC’s recovery of an annual transmission revenue requirement (“ATRR”) related to the NMPC Phase 2 Projects, which are necessary to enable New York State to meet specific energy targets adopted in state legislation.<sup>6</sup> As demonstrated by this transmittal letter and the attached testimony, the proposed Formula Rate is just and reasonable and not unduly discriminatory. NMPC respectfully requests that the Commission issue an order accepting the Formula Rate effective January 24, 2026 (*i.e.*, 61 days after the date this filing was submitted).

---

<sup>1</sup> 16 U.S.C. §§ 824d, 824s; *see* 18 C.F.R. § 35.35(d) (2025).

<sup>2</sup> 18 C.F.R. Part 35.

<sup>3</sup> *Consolidated Edison Co. of N.Y., Inc. et al.*, 180 FERC ¶ 61,106 (2022) (“CSRA/Schedule 19 Order”).

<sup>4</sup> NYISO submits this filing on behalf of NMPC solely in its role as administrator of the NYISO OATT. The burden of demonstrating that the proposed tariff amendments are just and reasonable rests with NMPC, the sponsoring party. NYISO takes no position on any substantive aspect of this filing at this time. Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO OATT.

<sup>5</sup> A list of the NMPC Phase 2 Projects is provided as Exhibit No. NMPC-101 to Attachment A to this filing.

<sup>6</sup> The New York State Public Service Commission (“NYPSC”) approved the NMPC Phase 2 Projects, along with projects that will be developed by other New York transmission owners, in a February 16, 2023 order (“Phase 2 Order”). *See Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order Approving Phase 2 Areas of Concern Transmission Upgrades*, N.Y. Pub. Serv. Comm’n, Case No. 20-E-0197 (Feb. 16, 2023).

## **I. BACKGROUND**

### **A. Niagara Mohawk Power Corporation d/b/a National Grid**

NMPC is a Commission-regulated public utility company organized and operated under the laws of the State of New York. It provides electric service to approximately 1.7 million customers and natural gas service to over 540,000 customers in upstate New York. NMPC owns and operates transmission facilities in New York, all of which are subject to the operational control of the NYISO. NMPC recovers its transmission revenue requirements pursuant to formula rates under the NYISO OATT.<sup>7</sup>

The outstanding common shares of NMPC are wholly owned by National Grid USA. National Grid USA is an indirect, wholly-owned subsidiary of National Grid plc, a company incorporated in England and Wales. National Grid USA is a public utility holding company. National Grid USA is not a public utility because it does not directly own or operate FPA-jurisdictional facilities (or any electric facilities), nor does it engage in the sale, transmission, or distribution of electric power.

Direct and indirect subsidiaries of National Grid USA are engaged in: (i) electric transmission under Commission jurisdiction in New York, Massachusetts, Vermont, and New Hampshire;<sup>8</sup> (ii) electric distribution to residential, commercial, and industrial customers in New York and Massachusetts; and (iii) the distribution of natural gas to residential, commercial, and industrial customers in New York and Massachusetts. These various subsidiary companies operate and maintain power lines, substations, and/or natural gas distribution facilities; provide metering, billing, and customer service; design and build electric and/or gas facilities; and provide related products and services, including administering energy efficiency programs for customers. National Grid USA is also affiliated with entities that own, operate, or control qualifying facilities, distributed generation, behind-the-meter solar, and other renewable generating capacity.

NMPC is the only National Grid USA subsidiary that owns or operates electric transmission and distribution facilities in New York. National Grid USA also indirectly owns four New York generation subsidiaries: (1) National Grid Generation LLC, (2) National Grid Glenwood Energy Center LLC, (3) National Grid Port Jefferson Energy Center LLC, and (4) National Grid Generation Ventures, LLC. The energy and capacity of these public utility subsidiaries on Long Island are wholly committed to the Long Island Power Authority (“LIPA”) under long-term contracts.

---

<sup>7</sup> See NYISO OATT, Attachment H (Sections 14.1.9 and 14.2.1). The provisions of Niagara Mohawk’s Transmission Service Charge (“TSC”) formula rate are set forth in Section 14.1.9 to Attachment H of the NYISO OATT, and its TSC formula rate template is set forth in Section 14.2.1.

<sup>8</sup> National Grid’s electric transmission facilities in New York and New England are under the operational control of the NYISO and ISO New England Inc., respectively.

## **B. The CLCPA Phase 2 Projects**

### **1. New York State Policy**

On July 18, 2019, the New York legislature enacted the Climate Leadership and Community Protection Act (“CLCPA”).<sup>9</sup> The CLCPA is grounded in legislative findings regarding economic well-being, public health, natural resources, and the environment in New York and the determination that numerous benefits will accrue to New York residents through changes to the state’s energy generation portfolio.<sup>10</sup> In recognition of the significant changes and upgrades that must be made to New York’s power grid infrastructure pursuant to the CLCPA, the New York legislature in 2020 enacted the Accelerated Renewable Energy Growth and Community Benefit Act (“AREGCBA”).<sup>11</sup> AREGCBA requires the State to provide for the construction of expanded transmission and distribution infrastructure sufficient to ensure the cost-effective and timely development of the energy generation projects needed to meet the requirements of the CLCPA.<sup>12</sup>

In furtherance of this goal, AREGCBA mandated that the New York State Department of Public Service Staff (“DPS Staff”), in collaboration with other stakeholders,<sup>13</sup> conduct a thorough study to identify the necessary or appropriate distribution upgrades, local transmission upgrades, and bulk transmission investments to facilitate the timely achievement of the CLCPA Requirements.<sup>14</sup> Additionally, AREGCBA required the NYPSC to initiate a proceeding to establish a distribution and local transmission capital plan for each New York utility.<sup>15</sup> This capital plan is intended to address the distribution and local transmission upgrades identified by DPS Staff’s study as necessary or appropriate to meet the CLCPA Requirements.<sup>16</sup>

On May 14, 2020, the NYPSC formally initiated the proceeding required under AREGCBA to establish a distribution and local transmission capital investment plan for each New York utility.<sup>17</sup> The NYPSC directed New York utilities, including NMPC, to submit a

---

<sup>9</sup> N.Y. Laws 2019, ch. 106.

<sup>10</sup> See CLCPA §§ 2(1)(a), 7(a); Energy Conservation Law § 75-0107(1); N.Y. Pub. Serv. Law § 66-p(2), (5).

<sup>11</sup> N.Y. Laws 2020, ch. 58, Part JJJ.

<sup>12</sup> AREGCBA § 2 (“The state shall take appropriate action to ensure that . . . renewable energy can be efficiently and cost effectively injected into the state’s distribution and transmission system for delivery to regions of the state where it is needed. In particular, the state shall provide for timely and cost effective construction of new, expanded and upgraded distribution and transmission infrastructure as may be needed to access and deliver renewable energy resources.”). Consistent with these requirements, AREGCBA also provides that the public interest would be served by “expediting the regulatory review for the siting of major renewable energy facilities and transmission infrastructure necessary to meet the CLCPA [Requirements].” *Id.* § 4(a).

<sup>13</sup> AREGCBA requires DPS Staff to consult with the New York State Energy Research and Development Authority, the New York Power Authority, LIPA, the NYISO, and the state’s utilities. See AREGCBA § 7(2).

<sup>14</sup> See *id.*

<sup>15</sup> *Id.* § 7(3).

<sup>16</sup> *Id.* §§ 7(3) and 7(4).

<sup>17</sup> See *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, N.Y. Pub. Serv. Comm’n, Case No. 20-E-0197, at 3 (May 14, 2020) (“Initiating Order”).

comprehensive report to the NYPSC on November 2, 2020 (the “2020 CLCPA Study”), which identified proposed local transmission and distribution investments.

## 2. The NMPC Phase 2 Projects

In the 2020 CLCPA Study, the New York utilities recommended dividing local transmission projects into phases. Phase 1 projects would address the Initiating Order’s discussion of “business as usual” transmission projects—those already needed under existing planning criteria but also providing incremental headroom for renewable energy.<sup>18</sup> Recovery of Phase 1 projects is planned through existing transmission and distribution rates, starting with the next NYPSC rate plan commencing in May 2026. Phase 2 projects, including the NMPC Phase 2 Projects, are additional transmission projects proposed primarily to increase transmission system headroom in support of renewable energy development.<sup>19</sup>

On September 9, 2021, the NYPSC issued an order identifying specific “Areas of Concern” in New York (“Areas of Concern Order”), characterized by existing renewable generation already experiencing curtailments and a strong level of developer interest exceeding the local transmission system’s capability.<sup>20</sup> To address these local transmission deficiencies, the NYPSC ordered NMPC, along with Central Hudson Gas & Electric Corporation (“Central Hudson”), New York State Electric & Gas Corporation (“NYSEG”), and Rochester Gas and Electric Corporation (“RG&E”) to consult with DPS Staff regarding the presentation of a minimum of two options for transmission upgrades to address the needs in each Area of Concern.<sup>21</sup> These options, identifying the most cost-effective Phase 2 upgrades on a dollar-per-megawatt basis, were to be filed within 180 days of the Areas of Concern Order’s issuance.<sup>22</sup>

Consistent with the mandate in the Areas of Concern Order, on March 8, 2022, NMPC, joined by Central Hudson, NYSEG, and RG&E (together, the “Applicants”), consulted with DPS Staff and submitted a joint petition for approval of Phase 2 local transmission projects designed to address the transmission system deficiencies identified in the Areas of Concern Order. On February 16, 2023, the NYPSC issued the Phase 2 Order, approving the Applicants’ Phase 2 projects.<sup>23</sup>

The NMPC Phase 2 Projects include twenty-seven local transmission projects approved by the NYPSC in its Phase 2 Order to support the achievement of New York State’s energy policy goals while increasing reliability and reducing congestion.<sup>24</sup> The NMPC Phase 2 Projects are

---

<sup>18</sup> Phase 2 Order at 3.

<sup>19</sup> *See id.* at 3-4.

<sup>20</sup> *See Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, Order on Local Transmission and Distribution Planning Process and Phase 2 Project Proposals*, N.Y. Pub. Serv. Comm’n, Case No. 20-E-0197 (Sept. 9, 2021).

<sup>21</sup> *See id.* at 37-38.

<sup>22</sup> *Id.* at Ordering Clause Number 6.

<sup>23</sup> *See* Phase 2 Order at 2.

<sup>24</sup> *See id.*, Appendix, Table 8 (listing approved Phase 2 projects for all New York utilities).

located in New York State and have a total estimated cost of approximately \$2.8 billion, based on the most recently refined +10% cost estimate.<sup>25</sup> To further the timely pursuit of established state energy goals and policies, NMPC intends to move forward promptly with the development of the NMPC Phase 2 Projects and anticipates project in-service dates as early as Spring 2026.

### **C. The CSRA and Rate Schedule 19**

On June 17, 2022, NMPC, Consolidated Edison Company of New York, Inc. (“Con Edison”), Orange and Rockland Utilities, Inc. (“O&R”), Central Hudson, NYSEG, and RG&E (together, the “New York Transmission Owners”) entered into a Cost Sharing and Recovery Agreement (“CSRA”). The CSRA and the associated Rate Schedule 19 of the NYISO OATT memorialize the executing parties’ acknowledgment of individual New York Transmission Owners’ local transmission development obligations pursuant to the CLCPA and AREGCBA, and that the costs of associated NYPSC-approved projects (“CLCPA Eligible Projects”) shall be shared on a statewide basis and recovered on a volumetric load-ratio basis. The Commission approved the CSRA and the associated cost allocation methodology in the CSRA/Schedule 19 Order, issued August 19, 2022.<sup>26</sup>

The CSRA/Schedule 19 Order evidences the Commission’s acknowledgement of the justness and reasonableness of both the CSRA and Rate Schedule 19,<sup>27</sup> as well as the appropriateness of allocating the costs of the CLCPA Eligible Projects—referred to in the order as “Approved Local Transmission Upgrades”—statewide on a volumetric load-ratio share basis, rather than through state-administered bundled local transmission and distribution rates.<sup>28</sup> Specifically, the Commission found the CSRA “necessary to establish the voluntary commitment of the [New York Transmission Owners] and the voluntary concurrence of the NYPSC to allocate the costs of the [CLCPA Eligible Project(s)] on a volumetric load-ratio share basis across the state,” and determined that the CSRA “also establishes eligibility for cost allocation under Rate Schedule 19, pursuant to the NYPSC approval of the applicable local transmission upgrade.”<sup>29</sup>

Rate Schedule 19, incorporated into the NYISO OATT, establishes a CLCPA Facilities Charge (“CFC Charge”) based on the volumetric load-ratio share approach. This charge is a cost-of-service fee calculated using Formula Rates to be submitted by NMPC and other New York Transmission Owners. It is important to note that the Commission’s acceptance of Rate Schedule 19 did not constitute approval of specific costs or revenue requirements for CLCPA Eligible Projects. Rather, the CSRA/Schedule 19 Order provides alignment with fee structures applied to comparable facilities under other NYISO OATT Rate Schedules, such as Attachment H. The New York Transmission Owners’ Formula Rates, which are attachments to Rate Schedule 19, are critical for the creation of actual transmission charges.

---

<sup>25</sup> See Exhibit No. NMPC-101 to Attachment A (showing forecasted spend by fiscal year for individual NMPC Phase 2 Projects).

<sup>26</sup> CSRA/Schedule 19 Order at Ordering Paras. A and B.

<sup>27</sup> See *id.* at P 44.

<sup>28</sup> See *id.* at PP 44-50.

<sup>29</sup> *Id.* at P 45.

Once the NYPSC approves relevant local transmission upgrades, the New York Transmission Owners must either amend an existing Formula Rate or establish a new one under the NYISO OATT. The instant filing establishes NMPC's Formula Rate to implement this statewide cost allocation process for purposes of the NMPC Phase 2 Projects, as NYPSC-approved, CLCPA Eligible Projects under Rate Schedule 19 to the NYISO OATT.

## **II. THE NYISO OATT AMENDMENTS ESTABLISHING THE FORMULA RATE FOR THE ALLOCATION AND RECOVERY OF THE COSTS OF THE NMPC PHASE 2 PROJECTS ARE JUST AND REASONABLE**

The CSRA/Schedule 19 Order authorized NMPC to submit for filing under FPA Section 205 a Formula Rate to be applicable to NYPSC-approved CLCPA Eligible Project(s).<sup>30</sup> This filing constitutes submission of NMPC's applicable Formula Rate for such projects. Additional details regarding and support for the proposed Formula Rate are provided in the prepared direct testimony and exhibit of Tiffany M. Escalona, provided as Attachment A ("Escalona Testimony").

NMPC's Formula Rate has two parts. First, proposed Attachment 6 to Rate Schedule 19 (Section 6.19.11 to the NYISO OATT) establishes NMPC's CFC Charge ("Rate Mechanism"). Second, proposed new Schedules 16a, 16b, 16c, 16d, 16e, and 16f to Attachment 1 to Attachment H (Section 14.2 et seq.) of the NYISO OATT constitute the cost-of-service, formula rate template ("Template")<sup>31</sup> and are supported by related amendments proposed to Schedule 1 (Historical Transmission Revenue Requirement) and Schedule 10 (Other – Billing Adjustments, Bad Debt Expense, Revenue Credits, and Transmission Rents) to Attachment 1 to Attachment H.

As explained in the Escalona Testimony, the proposed Formula Rate is forward-looking and designed to transparently implement the statewide allocation required under the CSRA, while also ensuring that customers within NMPC's service territory are not double-charged.<sup>32</sup> As such, the proposed Formula Rate is just, reasonable, and consistent with the Rate Schedule 19 filings submitted by other New York Transmission Owners and accepted by the Commission.<sup>33</sup>

---

<sup>30</sup> *Id.* at P 51.

<sup>31</sup> As discussed in greater detail below, NMPC is proposing to incorporate the Template as part of its existing TSC formula rate template set forth in Section 14.2.1 of Attachment H to the NYISO OATT for purposes of effective administration and transparency. NMPC additionally notes that on October 27, 2025, it submitted a filing in Docket No. ER26-266-000 requesting to (1) to align the depreciation rates set forth in its TSC formula rate with the depreciation rates approved in its most recent NYPSC retail rate case, and (2) conform references in its TSC formula rate and template to reflect changes to the electric Uniform System of Accounts made by the Commission in Order No. 898. The revisions pending in Docket No. ER26-266-000 are unrelated to the revisions proposed in this filing. Following Commission action on both filings, Niagara Mohawk commits to submit a compliance filing to reflect all changes to Niagara Mohawk's TSC formula rate template accepted by the Commission in either docket.

<sup>32</sup> *See* Escalona Testimony at 29:5-10.

<sup>33</sup> Specifically, NMPC's proposed Formula Rate is modeled on other New York Transmission Owners' attachments to Rate Schedule 19 accepted following settlement proceedings before the Commission. *See N.Y. Indep. Sys. Operator, Inc.*, Docket Nos. ER23-1816-005 and ER23-1817-005 (Feb. 12, 2025) (delegated letter order accepting settlement compliance filings for NYSEG and RG&E); *N.Y. Indep. Sys. Operator, Inc.*, Docket Nos. ER23-2212-005 (Feb. 12, 2025) (delegated letter order accepting settlement compliance filing for Con Edison); *N.Y. Indep. Sys.*

Section 3.2 of the CSRA additionally requires each New York Transmission Owner to establish a Commission-approved Return on Equity (“ROE”) that is a ceiling up to which that New York Transmission Owner may set the revenue requirements for its “Approved Transmission Projects,” including CLCPA Eligible Projects under Rate Schedule 19. NMPC is proposing to utilize a ceiling ROE of 10.3%—reflected as a fixed value in its Template—for the NMPC Phase 2 Projects recovered under Rate Schedule 19, consistent with the ROE approved by the Commission in a 2015 settlement in Docket Nos. EL14-29, *et al.* involving NMPC’s wholesale TSC.<sup>34</sup>

Incorporating the NMPC Formula Rate as Attachment 6 to Rate Schedule 19 of the NYISO OATT will enable NMPC to recover its ATRR related to the NMPC Phase 2 Projects. NMPC seeks acceptance of its Formula Rate so that costs associated with development of the NMPC Phase 2 Projects can be recovered on a volumetric, load-ratio share basis from customers throughout New York, consistent with the terms of the CSRA and Rate Schedule 19, as already approved by the Commission.

#### **A. Proposed Attachment 6 to Rate Schedule 19 to the NYISO OATT**

Rate Schedule 19 to the NYISO OATT provides the Rate Mechanism for recovery of the CFC Charge. Pursuant to Section 6.19.4 of Rate Schedule 19, as and further explained in the Escalona Testimony,<sup>35</sup> the CFC Charge for NMPC will be used to recover the costs of the CLCPA Eligible Project(s) undertaken by NMPC, including the NMPC Phase 2 Projects. Specifically, pursuant to Section 6.19.4.1 of Rate Schedule 19, NMPC is proposing to add a new Attachment 6 to Rate Schedule 19 to the NYISO OATT to establish its CFC Charge Rate Mechanism for the recovery of the costs associated with the NMPC Phase 2 Projects. Proposed Attachment 6 is modeled on attachments to Rate Schedule 19 previously accepted by the Commission.<sup>36</sup>

Section 6.19.11.2 of proposed Attachment 6 to Rate Schedule 19 provides that the CFC Charge for NMPC should be calculated in accordance with the formula set forth in Section 6.19.3.5 of Rate Schedule 19 and using the revenue requirement calculated annually by NMPC to recover the costs of the NMPC Phase 2 Projects. Pursuant to Section 6.19.11.3 of proposed Attachment 6 to Rate Schedule 19, and as described in greater detail below,<sup>37</sup> NMPC’s CFC Charge revenue requirement will be calculated in accordance with Schedules 16a through 16f of NMPC’s TSC formula rate template set forth in Section 14.2.1 of Attachment 1 to Attachment H to the NYISO OATT.

---

*Operator, Inc.*, Docket Nos. ER23-2507-004 (Feb. 12, 2025) (delegated letter order accepting settlement compliance filing for Central Hudson); *N.Y. Indep. Sys. Operator, Inc.*, Docket Nos. ER24-1614-003 (Feb. 13, 2025) (delegated letter order accepting settlement compliance filing for O&R).

<sup>34</sup> See Settlement Agreement and Offer of Settlement, Docket Nos. EL14-29-000, *et al.* (Feb. 24, 2015). The Commission accepted the 2015 settlement in an order issued May 13, 2015. *N.Y. Ass’n of Pub. Power v. Niagara Mohawk Power Corp.*, 151 FERC ¶ 61,121 (2015).

<sup>35</sup> See Escalona Testimony at 3:8-14; 27:2-6.

<sup>36</sup> See *supra* footnote 33.

<sup>37</sup> See *infra* Section II.B.

Section 6.19.11.3.2 of proposed Attachment 6 to Rate Schedule 19 also expressly provides that the “Base Revenue Requirement” portion of the revenues that NMPC receives from the CFC Charge will be applied as a revenue credit in the revenue requirement for NMPC’s TSC, and that after considering the revenue credit for the CFC Charge, the net cost for the NMPC Phase 2 Projects included in NMPC’s TSC will be zero. This crediting mechanism is explained in further detail in the discussion of the TSC formula rate amendments below, but the overall purpose is to ensure that no costs of the NMPC Phase 2 Projects are recovered through the TSC.

As established in Section 6.19.11.3.3 of proposed Attachment 6 to Rate Schedule 19, the Commission-accepted formula rate protocols that apply to NMPC’s TSC formula rate will also apply to the determination of the CFC Charge revenue requirement. NMPC will recalculate the revenue requirement for the CFC Charge each year as part of the Annual Update process that it uses to calculate the TSC, as set forth in Section 14.1.9.4 of Attachment H to the NYISO OATT. The CFC Charge revenue requirement will be separately stated in the Annual Update, and NMPC will provide supporting documentation for the calculation of the CFC Charge as part of that process. All interested parties under NMPC’s Commission-accepted formula rate protocols will have the right to review and challenge the calculation of the CFC Charge revenue requirement.

#### **B. Amendments to Section 14.2.1 to Attachment H of the NYISO OATT**

As discussed more fully in the Escalona Testimony,<sup>38</sup> NMPC is proposing the following amendments to its TSC formula rate template set forth in Section 14.2.1 to Attachment H of the NYISO OATT:<sup>39</sup>

- Addition of new Schedules 16a, 16b, 16c, 16d, 16e, and 16f to calculate the CFC Charge revenue requirement.
- Revisions to Schedule 1 (Historical Transmission Revenue Requirement) and Schedule 10 (Other – Billing Adjustments, Bad Debt Expense, Revenue Credits, and Transmission Rents) to include the appropriate revenue credit for the CFC Charge revenue requirement in the TSC rate calculation and ensure there is no over-recovery from TSC customers.
- Ministerial revisions to the Table of Contents to reflect updated Schedule descriptions.

The NMPC Phase 2 Projects require a separate revenue requirement calculation to align with the requirements of Rate Schedule 19 and the CSRA. This is in contrast to other costs charged through the TSC formula rate, which are only allocated to wholesale transmission customers within NMPC’s service territory. Calculating a dedicated revenue requirement for the NMPC Phase 2 Projects using new Schedules 16a through 16f will also ensure transparency for both Rate Schedule 19 customers and existing TSC customers and guarantee that TSC customers are not double-

---

<sup>38</sup> See Escalona Testimony at 7:8-26:20.

<sup>39</sup> The proposed amendments are shown as redline revisions to the Word and native Excel format versions of NMPC’s TSC formula rate template provided as Attachments D and E, respectively.

charged for costs associated with the NMPC Phase 2 Projects. Exhibit No. NMPC-102 to the Escalona Testimony illustrates how the proposed Schedules are designed to incorporate FERC Form No. 1-based data into the existing TSC formula rate while also providing a revenue credit to ensure rate neutrality for TSC customers.

Additionally, Schedules 16a through 16f are appropriately added to Attachment H of the NYISO OATT—rather than Rate Schedule 19—because the CFC Charge revenue requirement inputs will be derived from amounts included in the TSC revenue requirement per Attachment H of the NYISO OATT.<sup>40</sup> As discussed above, incorporating these new Schedules into the existing TSC formula rate under Attachment H will render them subject to the Commission-accepted formula rate review protocols that apply to NMPC’s TSC. This will allow interested parties to confirm that the associated costs are appropriately allocated and that there is no over-charge or double-recovery.<sup>41</sup> Additional details regarding individual Schedules 16a through 16f are outlined below.

Proposed Schedule 16a summarizes the total annual revenue requirement for the NMPC Phase 2 Projects.<sup>42</sup> Specifically, Schedule 16a shows the determination of the components of the “Net Investment Base” for the NMPC Phase 2 Projects, the components of the “Base Revenue Requirement,” and the calculation of the Annual True-Up amount, including interest.<sup>43</sup> Notably, the Base Revenue Requirement represents the amount that will be used to determine the credit to TSC customers, and will include inputs specific to the NMPC Phase 2 Projects, including depreciation expense, real estate taxes, operation and maintenance expenses, and administrative and general expenses, as well as an Amortization of (Excess) Deficient Accumulated Deferred Income Taxes (“ADIT”) amount to be sourced from proposed Schedule 16c and a Base Return and Associated Income Taxes amount that will be sourced from proposed Schedule 16f.<sup>44</sup> For components where the source column includes “Workpaper \_,” NMPC will provide an appropriate workpaper during the Annual Update process supporting the input amount.

Proposed Schedule 16b calculates the applicable Cost of Capital rates for NMPC Phase 2 Projects through two methods. As required under the CSRA, the first method utilizes the NYPSC-approved capital structure and selects the lower of the NYPSC-approved ROE or the Commission-approved ROE to calculate a weighted cost of capital—adjusted for federal and state taxes—applicable to the ATRR for the NMPC Phase 2 Projects.<sup>45</sup> Recognizing that the TSC revenue requirement includes investments in the NMPC Phase 2 Projects and related costs, Schedule 16b also provides for the calculation of a second rate using the TSC revenue requirement capital structure, with the TSC Commission-approved ROE serving as the ceiling ROE.<sup>46</sup> This second rate

---

<sup>40</sup> *Id.* at 10:9-16.

<sup>41</sup> *Id.* at 11:4-12.

<sup>42</sup> *Id.* at 11:13-15.

<sup>43</sup> *See id.* at 11:20-15:22.

<sup>44</sup> *See id.* at 13:13-15:15.

<sup>45</sup> *See id.* at 16:1-6; 17:8-19.

<sup>46</sup> As noted above, NMPC is proposing a ceiling ROE of 10.3% for the NMPC Phase 2 Projects, consistent with the ROE approved by the Commission in a 2015 settlement in Docket Nos. EL14-29-000, *et al.* involving NMPC’s wholesale TSC. *See N.Y. Ass’n of Pub. Power*, 151 FERC ¶ 61,121. *See also* Escalona Testimony at 16:7-15; 17:20-18:7.

is then used to adjust the TSC revenue credit, ensuring that the application of the revenue credit for the NMPC Phase 2 Projects results in zero impact on TSC rates and customers.<sup>47</sup> A demonstration of the necessity of the two-method approach is provided as Exhibit No. NMPC-103 to the Escalona Testimony.

Proposed Schedules 16c and 16d are to be utilized in the event there is excess or deficient ADIT due to changes in federal, state, or local income taxes that can be directly attributed to the NMPC Phase 2 Projects.<sup>48</sup> This will ensure that balances relating to excess or deficient ADIT are appropriately refunded or charged to the correct customer groups, in accordance with the Commission's Order No. 864.<sup>49</sup> These schedules directly correspond to Schedules 14 and 14a proposed by NMPC to account for any excess or deficient ADIT in the TSC in compliance with Order No. 864, as approved by the Commission in Docket No. ER20-2051-001.<sup>50</sup>

Proposed Schedule 16e outlines the methodology for calculating project-specific components used in determining the CFC Charge revenue requirement.<sup>51</sup> Specifically, Schedule 16e details how to compute two key allocation factors: (1) the "NMPC Phase 2 Transmission Wage and Salary Allocation Factor," which will be calculated based on transmission wage and salary balances from NMPC's most recent FERC Form No. 1 and then applied based on (2) the "NMPC Phase 2 Plant Allocation Factor" ("PA Factor"), which will be derived from the ratio of the project-related capital investment to the total transmission plant in service.<sup>52</sup> These factors will be applied across various components specific to the NMPC Phase 2 Projects, including gross plant in-service; accumulated depreciation; prepayments, materials and supplies, and cash working capital; depreciation expense; real estate taxes; operating and maintenance expenses; and administrative and general expenses.<sup>53</sup> Each calculation combines inputs specific to the NMPC Phase 2 Projects with proportions of allocated transmission-related expenses, ensuring that the final components accurately reflect both specific NMPC Phase 2 Project charges and broader transmission system costs.

Proposed Schedule 16f outlines the calculation of the annual Project Return and Associated Taxes for each eligible NMPC Phase 2 Project.<sup>54</sup> Specifically, Schedule 16f details how each NMPC Phase 2 Project's in-service date, gross plant in-service, and accumulated depreciation will be used to derive the net plant in-service, which in turn establishes a weighted factor based on each Project's share of total plant for the NMPC Phase 2 Projects.<sup>55</sup> This weighted factor is then applied to allocate other rate base components—including general, common, intangible plant, ADIT

---

<sup>47</sup> Escalona Testimony at 16:15-18.

<sup>48</sup> *Id.* at 18:8-12.

<sup>49</sup> *Id.* at 18:12-18. *See also Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019), *order on reh'g and clarification*, Order No. 864-A, 171 FERC ¶ 61,033 (2020).

<sup>50</sup> Escalona Testimony at 18:18-21 (citing *N.Y. Indep. Sys. Operator, Inc.*, Docket No. ER20-2051-003 (Oct. 7, 2022) (delegated letter order)).

<sup>51</sup> *Id.* at 19:1-5.

<sup>52</sup> *See id.* at 19:5-12.

<sup>53</sup> *See id.* at 19:14-22:20.

<sup>54</sup> *Id.* at 22:21-23.

<sup>55</sup> *See id.* at 23:14-20.

adjustments, and other allocated items—to establish each NMPC Phase 2 Project’s net investment base.<sup>56</sup> The annual Project Return and Associated Taxes are calculated by multiplying this net investment base by the Cost of Capital rates from Schedule 16b, with additional adjustments made to account for differences between the NYPSC-approved capital structure and the FERC-approved TSC ROE rate.<sup>57</sup> The process ensures accurate charge allocation to customers of the NMPC Phase 2 Projects and maintains rate neutrality for the TSC revenue requirement.<sup>58</sup>

As noted above, NMPC is also proposing revisions to Schedules 1 and 10 to ensure the proper credits associated with the revenue requirement for the NMPC Phase 2 Projects flow through the TSC, as well as ministerial updates to the Table of Contents to accurately reflect the descriptions for all Schedules under the TSC formula rate template.<sup>59</sup>

### III. CORRESPONDENCE AND COMMUNICATIONS

All notices, correspondence, and communications regarding this filing should be directed to the following individuals:<sup>60</sup>

David Lodemore  
Senior Counsel  
National Grid USA  
170 Data Drive  
Waltham, MA 02451-1120  
Tel: (781) 907-3704  
David.Lodemore@nationalgrid.com

Michael Kunselman  
Shannon E. O’Neil  
Davis Wright Tremaine  
1301 K Street NW, Suite 500 East  
Washington, DC 20005  
Tel: (202) 298-1800  
michaelkunselman@dwt.com  
shannononeil@dwt.com

### IV. REQUESTED WAIVERS AND SERVICE

To the extent that waivers of any applicable requirements in 18 C.F.R. § 35.13 are necessary, NMPC respectfully requests such waivers. Good cause exists for waiver. Cost of service statements typically are not needed where the proposed rates are formulary and will be based on actual costs as reflected in the NMPC’s FERC Form No. 1s and audited books and records.<sup>61</sup> As a result, waiver would be consistent with Commission precedent for a formula rate

---

<sup>56</sup> *Id.* at 23:21-24:2.

<sup>57</sup> *See id.* at 24:2-9.

<sup>58</sup> *See id.*

<sup>59</sup> *See id.* at 26:1-20

<sup>60</sup> NMPC respectfully requests waiver of 18 C.F.R. § 203(b)(3) to permit more than two individuals to be listed on the official service list. *See* 18 C.F.R. § 203(b)(3).

<sup>61</sup> *S. Cal. Edison Co.*, 136 FERC ¶ 61,074, at P 29 (2011) (granting waiver of Period I and II data); *Pub. Serv. Elec. & Gas Co.*, 124 FERC ¶ 61,303, at PP 23-24 (2008) (granting waiver of Sections 35.13(d)(1)-(2), 35.13(d)(5), and 35.13(h)); *Okla. Gas & Elec. Co.*, 122 FERC ¶ 61,071, at P 41 (2008); *Am. Elec. Power Serv. Corp.*, 120 FERC ¶ 61,205, at P 41 (2007) (granting waiver of Period I and II data); *Commonwealth Edison Co.*, 119 FERC ¶ 61,238, at PP 92-94 (2007) (granting waiver of Period I and II data and cost-of-service statements); *Trans-Allegheny Interstate Line Co.*, 119 FERC ¶ 61,219, at P 57 (2007) (same); *Duquesne Light Co.*, 118 FERC ¶ 61,087, at P 79 (2007) (granting

filing of this nature. NMPC also requests a waiver of any other applicable requirement of Part 35 or other Commission regulations for which a waiver is not specifically requested, if necessary, in order to permit this filing to become effective as proposed.

NMPC will send an electronic copy of this filing to the official representative of each party to the proceedings specified in the CSRA/Schedule 19 Order, which includes the NYPSC. Additionally, NMPC has confirmed with the NYISO that a complete copy of this filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com). The NYISO has also informed NMPC that it will send an electronic link to this filing to the official representative of each of its customers and to each participant on its stakeholder committees.

## V. CONTENTS OF FILING

In addition to this transmittal letter, this filing contains the following attachments:

- Attachment A Prepared Direct Testimony and Exhibits of Tiffany M. Escalona (Exhibit Nos. NMPC-100 through -103)
- Attachment B Proposed Attachment 6 to Rate Schedule 19 Under Section 6.19 of the NYISO OATT (Clean)
- Attachment C Revised Section 14.2.1 to Attachment H of the NYISO OATT (Clean)
- Attachment D Revised Section 14.2.1 to Attachment H of the NYISO OATT (Redline)
- Attachment E NMPC's TSC Formula Rate Template in Native Excel Format

## VI. CONCLUSION

For the reasons set forth above, NMPC respectfully requests that the Commission approve the tariff amendments included in this filing effective no later than January 24, 2026 (*i.e.*, 61 days after the date this filing was submitted).

Respectfully submitted,

/s/ David Lodemore

David Lodemore  
Senior Counsel  
National Grid USA  
170 Data Drive  
Waltham, MA 02451-1120

Michael Kunselman  
Shannon E. O'Neil  
Davis Wright Tremaine  
1301 K Street NW, Suite 500 East  
Washington, DC 20005

*Counsel for Niagara Mohawk Power Corporation*

---

waiver of Sections 35.13(d)(1)-(2) and 35.13(h)); *Idaho Power Co.*, 115 FERC ¶ 61,281, at P 20 (2006) (granting waiver of Period II data); *Allegheny Power Sys. Operating Cos.*, 111 FERC ¶ 61,308, at PP 55-56 (2005) (granting waiver of Period I and II data).