

7 Attachment A - Form of Service Agreement for Firm Point-To-Point Transmission Service

- 1.0 This Service Agreement, dated as of _____, is entered into, by and between _____ (the “ISO”), and _____ (“Transmission Customer”).
- 2.0 The Transmission Customer has been determined by the ISO to have a Completed Application for Firm Point-To-Point Transmission Service under the Tariff.
- 3.0 Service under this agreement shall commence on the later of (1) the requested service commencement date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
- 4.0 The ISO agrees to provide and the Transmission Customer agrees to pay for Firm Point-To-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
- 5.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

ISO:

Transmission Customer:

- 6.0 The Tariff is incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

ISO:

By: _____
Name Title Date

Transmission Customer:

By: _____
Name Title Date

8 Attachment B - Form of Service Agreement for Non-Firm Point-To-Point Transmission Service

Non-Firm Point-To-Point Transmission Service is not available in the markets that the NYISO administers.

14 Attachment H - Annual Transmission Revenue Requirement for Point-To-Point Transmission Service and Network Integration Transmission Service

14.1 Transmission Service Charge (“TSC”)

14.1.1 Applicability of the Transmission Service Charge to Wholesale Customers

Each month, each wholesale Transmission Customer shall pay to the appropriate Transmission Owner the applicable Wholesale Transmission Service Charge (“Wholesale TSC”) calculated in accordance with Section 14.1.2.1 of this Attachment. The TSC shall apply to Transmission Service:

14.1.1.1 from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (“Wheels Through”); provided, however, that the TSC shall not apply to Wheels Through scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied;

14.1.1.2 from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection Point (“Exports”); provided, however, that the TSC shall not apply to Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or

14.1.1.3 to serve Load within the NYCA; except, the Wholesale TSC shall not apply to:

14.1.1.3.1 a Transmission Owner’s use of its own system to provide bundled retail service to its Native Load Customers pursuant to a retail service tariff on file with

the PSC or, in the case of LIPA, has been approved by the Long Island Power Authority's Board of Trustees;

14.1.1.3.2 Transmission Service pursuant to an Existing Transmission Agreement whereby the otherwise applicable TSC does not apply pursuant to Attachment K; or

14.1.1.3.3 retail Transmission Service pursuant to any tariff or rate schedule of a Transmission Owner that explicitly provides for other transmission charges in lieu of the Wholesale TSC, subject to any applicable provisions of the Federal Power Act.

Each Transmission Owner subject to FERC and/or PSC jurisdiction may file with FERC a separate TSC applicable to retail access in accordance with its retail access program filed with the PSC. To the extent that LIPA's rates for service are established by the Long Island Power Authority's Board of Trustees pursuant to Article 5, Title 1-A of the New York Public Authorities Law, Section 1020-f(u) and 1020-s and are not subject to FERC jurisdiction, this requirement will not apply to LIPA.

14.1.2 Wholesale TSC Calculation

Sections 14.1.2-14.1.6 do not apply to the development of the NYPA TSC, which is described in Section 14.1.7.

14.1.2.1 Wholesale TSC Formula

Each Transmission Owner, except NYPA, shall calculate its TSC applicable to Transmission Service to serve Load within or exiting the NYCA at its Transmission District as follows:

$$\text{WHOLESALE TSC} = \{(\text{RR}\div 12) + (\text{CCC}\div 12) - \text{SR} - \text{ECR} - \text{CRR} - \text{WR} - \text{Reserved}\}/(\text{BU}\div 12).$$

Where:

- RR = The Annual Transmission Revenue Requirement, as stated in Table 1 of this Attachment. Gross Receipts Tax (“GRT”) treatment by each individual company is described in Section 14.1.7. Revenues from grandfathered agreements listed on Attachment H-1 are treated as a revenue credit in the RR;
- CCC = The annual Scheduling, System Control and Dispatch Costs of the individual Transmission Owner (*i.e.*, the transmission component of control center costs) as stated on Table 1 of this Attachment;
- SR = The Transmission Owner’s revenues associated with the sale of certain TCCs, as described in Section 14.1.2.1.1 of this Attachment;
- ECR = The Transmission Owner's share of Net Congestion Rents in a month, calculated pursuant to Attachment N of the OATT;
- CRR = The Transmission Owner's Congestion Payments received from Grandfathered TCCs and Imputed Revenues from Grandfathered Rights from ETA's, the expenses for which are included in the Transmission Owner's Revenue Requirement;
- WR = The Transmission Owner's revenues from external sales (Wheels Through and Export Transactions) not associated with Existing Transmission Agreements included in Attachment L, Tables 18.1, 18.2 and 18.3 and wheeling revenue, associated with OATT reservations extending beyond the start-up of the ISO. (*i.e.*, grandfathered OATT agreements), as described in Section 14.1.2.1.2 of this Attachment;

Reserved = The Transmission Owner's Congestion payments associated with, and value from the sale of ETCNL TCCs and RCRR TCCs, as described in Section 14.1.2.1.3 of this Attachment; and

BU = The Transmission Owner's Billing Units (annual MWh) for the Transmission District (see Table 1 of this Attachment). The Transmission Owner's BU has been adjusted upward to include subtransmission and distribution losses.

14.1.2.1.1 Elements of SR Component

$SR = SR_1 + SR_2 + SR_3 + SR_4.$

SR_1 will equal the revenues from the Direct Sale by the Transmission Owner of Original Residual TCCs, TCCs derived from Existing Transmission Capacity for Native Load, and Grandfathered TCCs associated with ETAs, the expenses for which are included in the Transmission Owner's Revenue Requirements where the Transmission Owner is the Primary Holder of said TCCs. SR_1 for a month in which a Direct Sale is applicable shall equal the total nominal revenue that the Transmission Owner will receive under each applicable TCC sold in a Direct Sale divided by the duration of that TCC (in months).

SR_2 will equal the Transmission Owner's revenues from the Centralized TCC Auctions and Reconfiguration Auctions allocated pursuant to Attachments N. SR_2 includes revenues from: (a) TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auctions and Reconfiguration Auctions; (b) the sale of Grandfathered TCCs associated with ETAs, if the expenses for those ETAs are included in the Transmission Owner's Revenue Requirements; and (c) TCCs derived from Existing Transmission Capacity for Native Load that are sold in the Centralized TCC Auction.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Original Residual TCCs that the Transmission Owners sell through the Centralized TCC Auctions and the allocation of revenue for other TCCs sold through the Centralized TCC Auctions and Reconfiguration Auctions (per the Facility Flow-Based Methodology described in Attachment N).

SR₃ shall equal the Transmission Owner's share of revenues from the award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), as determined pursuant to Section 20.4 of Attachment N. The share of revenues allocated to a Transmission Owner pursuant to Section 20.4 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that were awarded or renewed prior to the relevant Centralized TCC Auction are valid.

Notwithstanding anything to the contrary herein, with respect to the Transmission Owner's share of any revenues for Historic Fixed Price TCCs that took effect on or before November 1, 2016, such revenues (or any portion thereof) shall be accounted for in SR₃ by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period following the effective date of this provision provided that the NYISO has informed the Transmission Owner of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR₃ by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period following the effective date of this provision.

SR₄ shall equal the Transmission Owner's share of revenues from the initial award and renewal of Non-Historic Fixed Price TCCs, as determined pursuant to Section 20.5 of Attachment N. The share of revenues allocated to a Transmission Owner pursuant to Section 20.5 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Non-Historic Fixed Price TCCs that were initially awarded or renewed as part of the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to the Transmission Owner's share of any revenues for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017, such revenues (or any portion thereof) shall be accounted for in SR₄ by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period that commences following the effective date of this provision provided that the NYISO has informed the Transmission Owner of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR₄ by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period that commences following the effective date of this provision.

14.1.2.1.2 Elements of the WR Component

The WR component will equal the sum of: (1) TSC revenues received from new external transactions (Wheels Through and Export Transactions); (2) transmission revenues received under grandfathered OATT agreements and actual revenues under Schedule 1 to the grandfathered OATT agreements, but not under Schedules 2 through 6 to the grandfathered OATT agreements; and (3) any revenues related to pre-OATT grandfathered arrangements if the transmission owner increased its OATT revenue requirement to derive its RR component to

reflect the fact that revenues related to such transactions are at risk due to options available to the customers resulting from the current restructuring, and the customer retains its grandfathered arrangement.

In each subcomponent of the WR component above, the revenues will include the Gross Receipts Tax (“GRT”) when the Transmission Owner has included the GRT in the RR.

14.1.2.1.2.1 Treatment of Schedule 1 Associated with Grandfathered OATT Service

All customers under grandfathered OATT service agreements must continue to pay the Schedule 1 charge applicable under the individual OATT, absent a settlement to the contrary. The revenues received from Schedule 1 charges paid by grandfathered OATT customers will be treated as revenue credit in the WR component as part of the wheeling revenue associated with OATT reservations extending beyond the start-up of the ISO.

14.1.2.1.3 Elements of the Reserved Component

$$\text{Reserved} = \text{Reserved}_1 + \text{Reserved}_2 + \text{Reserved}_3 + \text{Reserved}_4$$

Reserved_1 will equal the Transmission Owner's Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for the Transmission Owner's ETCNL TCCs.

Reserved_2 will equal the Transmission Owner's Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for the Transmission Owner's RCRR TCCs.

Reserved_3 will equal the value that a Transmission Owner receives for the sale of its ETCNL TCCs in a month, with the value for each ETCNL TCC sold divided equally over the month(s) for which that sold ETCNL TCC is valid.

Reserved₄ will equal the value that a Transmission Owner receives for the sale of its RCRR TCCs in a month, with the value for each RCRR TCC sold divided equally over the month(s) for which that sold RCRR TCC is valid.

The RR, SR and CRR will not include expenses for the Transmission Owner's purchase of TCCs or revenues from the sale of said TCCs or from the collection of Congestion Rents for said TCCs. The ECR, CRR, WR, and Reserved shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (e.g., January actual data will be used in February to calculate the TSC effective in March). The TSC shall not apply to the scheduled quantities physically Curtailed by the ISO.

Each Member System is responsible for calculating: (1) the RR component of its TSC charge; (2) the CCC component of its TSC charge; (3) the SR₁ portion of the SR component of its TSC charge; and (4) the BU component of its TSC charge.

The NYISO is responsible for calculating or providing the information necessary to calculate: (1) the SR₂, SR₃ and SR₄ portions of the SR component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation; (2) the ECR component of each Member System's TSC charge based on information derived from ISO operation; (3) the CRR component of each Member System's TSC charge based on information derived from ISO operation; (4) the Reserved component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation; and (5) the WR component of each Member System's TSC charge based on information provided by the Member System and information derived from ISO operation. Any calculations that the ISO is responsible for are subject to review and comment by all affected parties.

The RR term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when a Transmission Owner determines that a change to its RR is required under Section 205.

The CCC term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when the Transmission Owner determines that a change to the CCC is required.

SR: The revenue from the Direct Sale of TCCs will be determined monthly and will enter the TSC formula through the SR term with a two-month lag (e.g., January actual data will be used in February to calculate the SR term used in the TSC for March). The revenue that a Transmission Owner receives from a TCC sold in a Centralized Auction or Reconfiguration Auction will be divided equally among the month(s) for which the sold TCC is valid. The revenue from these TCCs will enter the TSC formula month-by-month through the SR term with a two-month lag (e.g., January actual data will be used in February to calculate the SR term used in the TSC for March). For Balance of Period Auctions, the ISO shall also provide each Transmission Owner information regarding their respective share of Net Auction Revenues for each month covered by each Balance-of-Period Auction. The ISO is responsible for providing the information necessary to calculate the SR₂, SR₃ and SR₄ portions of the SR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the information provided by the ISO.

The ECR revenue will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the ECR term used in the TSC for March). The ISO is responsible for calculating the ECR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the ISO's calculation.

The CRR revenue will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the CRR term used in the TSC for March). Each Transmission Owner will identify for the ISO each ETA (“Identified ETA”), under which the Transmission Owner is a customer, the expenses for which are included in the Transmission Owner’s RR. The ISO shall calculate that Transmission Owner’s Congestion Payments received from Grandfathered TCCs and Imputed Revenues from Grandfathered Rights from the Transmission Owner’s Identified ETAs. If the inclusion of the costs under an Identified ETA in the Transmission Owner’s RR is subject to refund, then the CRR shall be subject to adjustment. If the costs under one or more of the Identified ETAs are removed from the RR and the Transmission Owner is required to recalculate its TSC with the adjusted RR, then in recalculating the TSC, the Transmission Owner shall reverse the portion of the CRR that was attributed to each such ETA. The Transmission Owner shall rebill the customers based on the recalculated TSC. To the extent the Transmission Owner owes a refund to the customer, it shall comply with any applicable refund obligations, including payment of interest to the extent due pursuant to 18 C.F.R. § 35.19a(a)(2)(iii), or its successor. If the reversal of the CRR results in a higher TSC than was charged, the customer shall pay in the time prescribed for payment of TSCs the Transmission Owner the difference between the TSC payments it made and the rebilled amounts, with interest thereon from the dates payments were made to the date that the rebilled amounts are due. Said interest will be calculated in the same manner as interest on over-payments as specified in 18 C.F.R. § 35.19a(a)(2)(iii), or its successor.

The Reserved will be calculated monthly and will enter the TSC formula with a two-month lag (e.g., January actual data will be used in February to calculate the ETCNL TCC term

used in the TSC for March). The ISO is responsible for providing the information necessary to calculate the Reserved Component of each Transmission Owner's TSC.

WR: The revenue that a Transmission Owner collects for new external sales will be calculated monthly and will enter the WR term in the TSC formula with a two-month lag (*i.e.*, January actual data will be used in February to calculate the WR term used in the TSC for March). The ISO is responsible for calculating new external sales subcomponent of the WR component of each Transmission Owner's TSC. The Transmission Owner will not adjust the ISO's calculation. The actual revenue that a Transmission Owner collects for grandfathered OATT service that extends beyond ISO start-up, and revenues related to pre-OATT grandfathered arrangements as provided for under numbers (2) and (3) of Original Sheet No. 214A, will also be calculated monthly and will enter the WR term in the TSC formula based upon the prior month's information. For the first month the credit will be equal to the actual revenues received under those grandfathered agreements to be included in the WR component.

The BU term will be updated based on Transmission Owner filings to FERC (or a NYISO filing to FERC on behalf of LIPA) under the FPA. These filings will be made when the Transmission Owner determines that a change to its BU is required.

14.1.3 Filing and Posting of Wholesale TSCs

The Transmission Owners shall coordinate with the ISO to update certain components of the Wholesale TSC formula on a monthly basis or Capability Period basis. Each Transmission Owner may update its Wholesale TSC calculation to change its RR, CCC, or BU component value(s). Such updates, however, shall be subject to necessary FERC filings under the FPA. Each Transmission Owner will calculate its monthly Wholesale TSC and provide the ISO with the Wholesale TSC by no later than the fourteenth of each month, for posting on the OASIS to

become effective on the first of the next calendar month. The monthly Wholesale TSCs for each of the Transmission Districts shall be posted on the OASIS by the ISO no later than the fifteenth of each month or as soon thereafter as is reasonably possible but in no event later than the 20th of the month to become effective on the first of the next calendar month.

14.1.4 TSC Calculation Information

The Annual Transmission Revenue Requirements (“RR”); Scheduling, System Control and Dispatch Costs (“CCC”), Billing Units (“BU”) and Rates of the Transmission Owners, except NYPA, for the purpose of calculating the respective Transmission District-based Wholesale TSC are shown in Table 1 below.

**Table 1
Wholesale TSC Calculation Information**

Transmission Owner	Revenue Requirement (RR)	Scheduling System Control and Dispatch Costs (CCC)	Annual Billing Units (BU) MWh	Rate \$/MWh ¹
Central Hudson Gas & Electric Corp.	\$15,326,852	\$1,309,980	4,723,659	\$3.5220
Consolidated Edison Co. of NY, Inc.	\$385,900,000	\$21,000,000	49,984,628	\$8.1405
LIPA ²	\$203,109,469	\$4,207,517	19,512,309	\$10.6249
New York State Electric & Gas Corporation ³	\$90,149,075	\$1,633,000	14,817,111	\$6.1943
Niagara Mohawk Power Corporation	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9	See Attachment H, Section 14.1.9
Orange and Rockland Utilities, Inc.	\$21,034,831	\$942,579	3,595,947	\$6.1117
Rochester Gas and Electric Corporation	\$24,242,747	\$583,577	6,967,556	\$3.5631
Rochester Gas and Electric Corporation	\$24,242,747	\$583,577	6,967,556	\$3.5631

¹The rate column represents the unit rate prior to crediting; the actual rate will be determined pursuant to the applicable TSC formula rate.

²LIPA and the Villages of Freeport, Greenport, and Rockville Centre (“Long Island Municipals”) agreed that the total discounted monthly Wholesale TSC rates to be billed to the Long Island Municipals during the period from November 1, 2021 through December 31, 2024 are as follows: (1) November 1, 2021 – December 31, 2022: \$6.00/MWh; (2) January 1, 2023 – December 31, 2023: \$7.00/MWh; and (3) January 1, 2024 – December 31, 2024: \$8.00/MWh. Starting January 1, 2025, LIPA’s then effective non-discounted Wholesale TSC rate, as described in Table 1 (including footnote 1 above), shall apply.

³NYSEG’s RR, BU and unit Rate prior to adjustment pursuant to Attachment H, are subject to retroactive modification pursuant to the provisions of the Settlement Agreement approved by the Commission in its March 26, 2004 order issued in Docket No. EL04-56-000. For any Transmission Customer that “opts out” of the Settlement Agreement as described in paragraph 1.E thereof, the applicable NYSEG “RR” shall be \$100,541,739; the “BU” shall be 13,741,901 MWh; and, the “Rate” prior to adjustment pursuant to Attachment H, shall be \$7.4235 effective as of March 1, 2004.

14.1.5 Treatment of Gross Receipts Tax

14.1.5.1 Central Hudson Gas & Electric Corporation

Central Hudson’s TSC shall be increased by dividing the following surcharge factors into the total of all applicable rates and charges to reflect the New York State GRT (0.94922 in the MTA regions and 0.95750 in the non-MTA regions), which is not specifically provided for in the transmission rate, to the extent such tax is imposed on Central Hudson as a result of the transmission service provided to such Customer. Central Hudson shall make an appropriate filing pursuant to Section 205 of the Federal Power Act to implement any change in the specified tax rate prior to altering the tax rate under this provision.

14.1.5.2 Consolidated Edison Company of New York, Inc.

The GRT is included in Con Edison’s TSC rate. Con Edison will not charge separately for GRT.

14.1.5.3 LIPA

The GRT is included in LIPA’s TSC rate. LIPA will not charge separately for GRT.

14.1.5.4 New York State Electric & Gas Corporation

The Transmission Customer shall pay an amount sufficient to reimburse NYSEG for any amounts payable by NYSEG as sales, excise, value-added, gross receipts or other applicable taxes with respect to the total amount payable to NYSEG pursuant to the Tariff. The total of all rates and charges will be divided by the appropriate tax factor listed below, depending upon the geographic location of the Transmission Customer's Point(s) of Delivery

Within the Metropolitan Commuter Transportation District: 0.984583

Not within the Metropolitan Commuter Transportation District: 0.986823

These tax factors incorporate the taxes imposed on the Transmission Provider's electric revenues pursuant to New York law and represents the Franchise Tax on Gross Earnings, the Gross Income Tax, and where applicable the Metropolitan Commuter Transportation District Surcharge.

This Provision shall be effective upon commencement of services under the ISO OATT.

14.1.5.5 Niagara Mohawk Power Corporation

For the settled Niagara Mohawk TSC rate, the GRT is included in the RR and there will be no separate GRT tax assessed; For the filed Niagara Mohawk TSC rate, GRT initially is included in the RR and there will be no separate GRT assessed; however, this issue with regard to GRT is subject to final Commission action in Docket No. OA96-194-000, including all stipulations executed in connection therewith.

14.1.5.6 Orange and Rockland Utilities, Inc.

The Transmission Customer's rate will be increased to reflect the gross receipts tax ("GRT") which is not specifically provided for in the transmission rate and ancillary service rates, that a governmental authority may impose on Orange and Rockland as a result of the Transmission Service provided to such Transmission Customer pursuant to Sections 186 and

186-a of the New York Tax Law. The current effective GRT rate for the Section 186-a tax is 3.25% from October 1, 1998 through October 31, 1999 and 2.5% on and after January 1, 2000.

The maximum locality rate allowable under state law for each locality is specified below.

However, if the actual locality rate is less than the maximum locality rate permitted under state law, O&R shall charge the actual tax rate levied by the locality. The currently effective GRT rate for the Section 186 tax is .75%.

Airmont	1.0%
Bloomington	1.0%
Chestnut Ridge	1.0%
Goshen	1.0%
Grandview on Hudson	1.0%
Greenwood Lake	1.0%
Harriman	1.0%
Haverstraw	1.0%
Highland Falls	1.0%
Hillburn	1.0%
Kaser	1.0%
Kiryas Joel	1.0%
Middletown	1.0%
Monroe	1.0%
Montebello	1.0%
New Hempstead	1.0%
New Square	1.0%
Nyack	1.0%
Otisville	1.0%
Piermont	1.0%
Pomona	1.0%
Port Jervis	1.0%
Sloatsburg	1.0%
South Nyack	1.0%
Spring Valley	1.0%
Suffern	1.0%
Unionville	1.0%
Upper Nyack	1.0%
Warwick	1.0%
Washingtonville	1.0%
Wesley Hills	1.0%
West Haverstraw	1.0%
Wurtsboro	1.0%

14.1.5.7 Rochester Gas & Electric Corporation

The Transmission Customer's rate will be increased to reflect the gross receipts tax which is not specifically provided for in the transmission rate and ancillary service rates, that a governmental authority may impose on RG&E as a result of the Transmission Service provided to such Transmission Customer pursuant to Sections 186 and 186-a of the New York Tax Law. The currently effective GRT rate for the Section 186-a tax is 3.5% and each locality rate is specified below. The currently effective GRT rate for the Section 186 tax is .75%.

City of Rochester	3.0%
Leroy	1.0%
Manchester	1.0%
Perry	1.0%
Shortsville	1.0%
Warsaw	1.0%
Hilton	1.0%
Pittsford	1.0%
Caledonia	1.0%
Wolcott	1.0%
Avon	1.0%
Leicester	1.0%
Nunda	1.0%
Genesco	1.0%
Mt. Morris	1.0%
Sodus Point	1.0%
Livonia	1.0%
Meridian	1.0%
City of Canandaigua	1.0%
Fairport	1.0%
Brockport	1.0%
Scottsville	1.0%
East Rochester	1.0%

14.1.6 TSC For Retail Access Customers ("RTSC")

Customers who apply for unbundled Transmission Service in accordance with the provisions of a Transmission Owner's retail access program filed with the PSC or, in the case of LIPA, approved by the Long Island Power Authority's Board of Trustees, will be responsible for paying a retail transmission service charge as detailed in Section 5 of this Tariff.

14.1.7 NYPA Transmission Service Charge

The NYPA TSC for service to its directly connected Loads (Reynolds Metals, GM-Massena, Town of Massena and the City of Plattsburgh) shall, at the Eligible Customer's option, be (a) \$1.30 per kilowatt-month or (b) no more than \$3.75 per MWh; not to exceed \$60.00 per MW Day applied to peak MWh scheduled any hour each day; not to exceed \$300.00 per MW-Week applied to the peak MWh scheduled any hour each week. The TSC applicable to service over the Vermont intertie and the Ontario-Hydro intertie shall be the same as (b); provided, however, that the NYPA TSC shall not apply to service over the Vermont intertie provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied. The TSC applicable to service over the Hydro-Quebec intertie shall be no more than \$4.62 per MWh; not to exceed \$73.85 per MW-Day applied to peak MWh scheduled each day; not to exceed \$369.23 per MW-Week applied to the peak MWh scheduled any hour each week. NYPA shall coordinate with the ISO to update its TSC. Such updates shall be subject to FERC filings.

14.1.8 Discounting

Each Transmission Owner may advise the ISO of discounts to its TSC applicable during a specified period to all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO shall post the discounts on the OASIS for the specified period.

Three principal requirements apply to discounts for Transmission Service as follows: (1) any offer of a discount made by a Transmission Owner must be announced to all Eligible Customers solely by posting on the OASIS; (2) any customer-initiated requests for discounts (including requests for use by a Transmission Owner's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS; and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount that the Transmission Owner agrees to

and advises the ISO of, the same discounted Transmission Service rate will be offered to all Transmission Customers for the same period for all deliveries to a particular Interconnection between the NYCA and another Control Area. The ISO will post the discounts on the OASIS for the specified period.

TABLE 2
Applicable Wholesale TSC for Exports from
New York State, by Transmission Circuit

Ckt.Id	From/To	kV	From Co./To Ext.	Wholesale TSC Paid
5018	Ramapo / Branchburg	500	O&R/PJM	Con Ed/O&R
398	Pleasant Valley/ Long Mtn	345	CHG&E / NE	Con Ed
B3402	Farragut / Hudson	345	Con Ed / PJM	Con Ed
C3403	Farragut / Hudson	345	Con Ed / PJM	Con Ed
A2253	Goethals / Linden	230	Con Ed / PJM	Con Ed
FE	Smithfield / Falls Village	69	CHG&E/NE	CHG&E
1385	Northport / Norwalk 1	138	LIPA / NE	LIPA
393	Alps / Berkshire	345	NMPC / NE	NMPC
69	So. Ripley / Erie East	230	NMPC / PJM	NMPC
E205W	Rotterdam / Bear Swamp	230	NMPC / NE	NMPC
BP76	Packard / Beck	230	NMPC / OH	NMPC
171	Falconer / Warren	115	NMPC / PJM	NMPC
6	Hoosick / Bennington	115	NMPC /NE	NMPC
7	Whitehall / Blissville	115	NMPC / NE	NMPC
1	Dennison / Rosemont	115	NMPC / HQ	NMPC
2	Dennison / Rosemont	115	NMPC / HQ	NMPC
37-HS	Stolle Road / Homer City	345	NYSEG / PJM	NYSEG
30-HW	Watercure / Homer City	345	NYSEG / PJM	NYSEG
70-EH	Hillside / East Towanda	230	NYSEG / PJM	NYSEG
952	Goudey / Laurel Lake	115	NYSEG / PJM	NYSEG
956	No. Waverly / East Sayre	115	NYSEG / PJM	NYSEG
J	So. Mahwah / Waldwick	345	O&R / PJM	Con Ed/O&R
K	So. Mahwah / Walkwick	345	O&R / PJM	Con Ed/O&R
7040	Massena / Chateaugay	765	NYPA / HQ NYPA	NYPA
PA302	Niagara / Beck A	345	NYPA / OH	NYPA
PA301	Niagara / Beck B	345	NYPA / OH	NYPA
L34P	Moses / St. Lawrence	230	NYPA / OH	NYPA

L33P	Moses / St. Lawrence	230	NYPA / OH	NYPA
PA27	Niagara / Beck	230	NYPA / OH	NYPA
PV-20	Plattsburgh / Grand Isle	115	NYPA / NE	NYPA

¹ All scheduling over the Northport - Norwalk Intertie is conducted by LIPA pursuant to Section 5.7 of this Tariff.

TABLE 3
Applicable Wholesale TSC for Municipal Utilities,
Electric Cooperatives and Loads

Except for those municipal utilities and electric cooperatives that continue to take transmission service under an Existing Transmission Agreement, the following Loads shall be obligated to pay the noted Transmission District - based TSC as applicable in accordance with Section 2.7 of this Tariff.

Load	TSC Paid	Load	TSC Paid	Load	TSC Paid
		Greene	NYSEG	Sherrill	NMPC
		Green Island	NMPC	Silver Springs	NYSEG
		Greenport	LIPA	Skaneateles	NMPC
		Groton	NYSEG	Solvay	NMPC
		Hamilton	NYSEG	Spencerport	RG&E
		Holley	NMPC	Springville	NMPC
		Ilion	NMPC	Steuben	NYSEG
Akron	NMPC	Lake Placid	NMPC	Theresa	NMPC
Andover	NMPC	Little Valley	NMPC	Tupper Lake	NMPC
Angelica	RG&E	Marathon	NYSEG	Watkins Glen	NYSEG
Arcade	NMPC	Mayville	NMPC	Wellsville	NMPC
Bath	NYSEG	Mohawk	NMPC	Westfield	NMPC
Bergen	NMPC	Oneida -Madison	NMPC/ NYSEG	Massena	NYPA
Boonville	NMPC	Otsego	NYSEG	Freeport	LIPA
Brolton	NMPC	Penn Yan	NYSEG	Jamestown	NMPC
Castile	NYSEG	Philadelphia	NMPC	Rockville Ctr.	LIPA
Churchville	NMPC	Plattsburgh	NYPA	Alcoa	(1)
Delaware	NYSEG	Richmondville	NMPC	Reynolds	NYPA
Endicott	NYSEG	Rouses Point	NYSEG	Gen. Motors (Massena, NY)	NYPA
Fairport	NMPC	Salamanca	NMPC	Cornwall	NMPC
Frankfort	NMPC	Sherburne	NYSEG		

Notes: (1) - Load is treated as an entity external to the NYCA.

14.1.9 Niagara Mohawk Power Corporation Wholesale TSC Formula Components RR, CCC and BU and Sources of Data Inputs

Niagara Mohawk Power Corporation (“NMPC”) will calculate and update each of its RR, CCC, and BU components annually using the formulas for each component contained in Attachment 1 and in accordance with the update procedures set forth in Section 14.1.9.4. With the exception of forecasted information, the cost data used in the Formula Rate will be cost data from NMPC’s annual FERC Form 1, NMPC’s Annual Report to the New York State Public Service Commission, or NMPC’s official books of record.

14.1.9.1 Definitions

Capitalized terms used in this calculation will have the following definitions:

Allocation Factors

14.1.9.1.1 Electric Wages and Salaries Allocation Factor shall be fixed at 0.835.

14.1.9.1.2 Gross Transmission Plant Allocation Factor shall equal the total investment in Transmission Plant in Service, Transmission Related Electric General Plant, Transmission Related Common Plant and Transmission Related Intangible Plant divided by Gross Electric Plant.

14.1.9.1.3 Transmission Wages and Salaries Allocation Factor shall be fixed at 0.13.

14.1.9.1.4 Gross Electric Plant Allocation Factor shall equal Gross Electric Plant divided by the sum of Total Gas Plant, Total Electric Plant, and total Common Plant.

Ratebase and Expense Items

14.1.9.1.5 Administrative and General Expense shall equal expenses as recorded in FERC Account Nos. 920-935. FERC Account No. 926 shall be adjusted by

reversing the adjustment to the deferred pension costs booked per the NYPSC Statement of Policy for Accounting and Ratemaking Treatment for Pension and Post-Retirement Benefits Other than Pensions. In addition, Administrative and General Expenses shall exclude the actual Post-Employment Benefits Other than Pensions (“PBOP”) expenses included in FERC Account No. 926, and shall add back the FERC accepted Post Employment Benefit Other than Pensions of \$88,644,000 annually or \$7,387,000 per month or any other amount subsequently approved by FERC under Section 205 or 206 of the Federal Power Act.

14.1.9.1.6 Amortization of Investment Tax Credits shall equal credits as recorded in FERC Account No. 420, per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.7 Amortization of Debt Discount Expense shall equal expenses as recorded in FERC Account No. 428.

14.1.9.1.8 Amortization of Loss on Reacquired Debt shall equal expenses as recorded in FERC Account No. 428.1.

14.1.9.1.9 Amortization of Premium on Debt –Credit shall equal the expenses as recorded in FERC Account 429.

14.1.9.1.10 Amortization of Gain on Reacquired Debt--Credit shall equal the expenses as recorded in FERC Account No. 429.1.

14.1.9.1.11 Common Plant shall equal the balance of plant recorded in FERC Account Nos. 389-399. Common Plant shall be defined as the plant common to NMPC’s gas and electric functions per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.12 Common Plant Depreciation Expense shall equal the common plant depreciation expenses as recorded in FERC Account No. 403, 404 and 405 associated with Common Plant per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.13 Common Plant Depreciation Reserve shall equal the common plant depreciation reserve balance as recorded in FERC Account No. 108 associated with Common Plant per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

14.1.9.1.14 Depreciation Expense for Transmission Plant in Service shall equal depreciation expenses as recorded in FERC Account No. 403, 404 and 405 calculated using the depreciation rates set forth in the following table:

Depreciation Rates

FERC Account/NMPC Internal Account No. Annual Rate

Transmission Plant

350	Land –Rights of Way and Easements	1.32
352	Structures and Improvements	2.42
353	Station Equipment	2.53
353.55	Station Equipment – EMS	4.20
354	Towers and Fixtures	1.80
355	Poles and Fixtures	2.23
356	Overhead Conductors and Devices	1.69
357	Underground Conduit	1.24
358	Underground Conductors and Devices	1.59
359	Roads and Trails	1.33

Electric General Plant

390	Structures and improvements	2.51
391.01	Office furniture, equipment	4.55

391.20	Office furniture equipment (Data Processing Equipment)	20.00
392.22	Transportation Equipment	3.33
394	Tools, shop, garage equipment	4.55
395	Laboratory equipment	4.55
396	Power operated equipment	4.55
397.01	Communication equipment – Radio	4.55
397.02	Communication equipment – Telephone	12.50
397.50 &.60	Communication equipment – Network	4.55
398.01	Power and Supervisory Control	4.55

Common General Plant

390	Structures and improvements	2.57
391.10	Office furniture and equipment	4.55
391.21	Data Processing Equipment	20.00
392.21	Transportation Equipment – Aircraft	7.50
393	Stores equipment	4.55
394	Tools, shop and garage equipment	4.55
395	Laboratory equipment	4.55
396	Power operated equipment	4.55
397.10	Communication equipment – Radio	4.55
397.20	Communication equipment – Telephone	12.50
397.30	Communication equipment – Network	4.55
398	Miscellaneous equipment	4.55
398.10	Power and Supervisory Control	4.55

Electric Distribution Plant – Large Meters

370.30	Large Meters Installation – Bare Costs	5.05
370.35	Large Meters – Installation Costs	5.05

Intangible Plant

302	Franchises and Consents	2.38
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303 Miscellaneous Intangible Assets 14.29

- 14.1.9.1.15 Distribution Plant shall equal the plant balance as recorded in FERC Account Nos. 360 – 374.
- 14.1.9.1.16 Equity AFUDC Component of Depreciation Expense shall equal the activity recorded in FERC Account No. 419.1.
- 14.1.9.1.17 Electric Environmental Remediation Expense shall be the environmental remediation expense as recorded in FERC Account 930.2.
- 14.1.9.1.18 Electric General Plant shall equal the plant balance recorded in FERC Account Nos. 389-399. Electric General Plant shall be defined as the general plant associated with NMPC's electric function.
- 14.1.9.1.19 Electric General Plant Depreciation Expense shall equal general plant depreciation expenses as recorded in FERC Account No. 403, 404 and 405 associated with Electric General Plant.
- 14.1.9.1.20 Electric General Plant Depreciation Reserve shall equal the general plant depreciation reserve balance as recorded in FERC Account No. 108 associated with Electric General Plant.
- 14.1.9.1.21 Electric Property Insurance shall equal property insurance recorded in FERC Account No. 924.
- 14.1.9.1.22 Electric Research and Development Expense shall equal research and development expenses as recorded in FERC Account No. 930.2.
- 14.1.9.1.23 Gain on Reacquired Debt shall equal the balance as recorded in FERC Account No. 257.

- 14.1.9.1.24 Gross Electric Plant shall equal Total Electric Plant plus an allocation of Common Plant determined by multiplying Common Plant by the Electric Wages and Salaries Allocation Factor.
- 14.1.9.1.25 Gross Plant (Gas & Electric) shall equal Total Gas Plant plus Total Electric Plant plus Total Common Plant.
- 14.1.9.1.26 Gross Transmission Investment shall equal the total of Transmission Plant in Service, Transmission Related Electric General Plant, Transmission Related Common Plant and Transmission Related Intangible Plant.
- 14.1.9.1.27 Intangible Electric Plant shall equal the balance of plant recorded in FERC Account Nos. 301-303. Intangible Electric Plant shall be defined as the intangible plant associated with NMPC's electric functions.
- 14.1.9.1.28 Intangible Electric Plant Depreciation Expense shall equal the intangible electric plant depreciation expenses as recorded in FERC Account No. 403, 404 and 405 associated with Intangible Electric Plant.
- 14.1.9.1.29 Intangible Electric Plant Depreciation Reserve shall equal the intangible plant depreciation reserve balance as recorded in FERC Account No. 108 associated with Intangible Electric Plant.
- 14.1.9.1.30 Loss on Recquired Debt shall equal the loss on reacquired debt as recorded in FERC Account No. 189.
- 14.1.9.1.31 Materials and Supplies shall equal materials and supplies balance as recorded in FERC Account No. 154 per 18 C.F.R. Parts 101 (Electric) and 201 (Gas).

- 14.1.9.1.32 Payroll Taxes shall equal the electric payroll tax expenses related to FICA and federal and state unemployment as recorded in FERC Account 408.1.
- 14.1.9.1.33 Plant Held for Future Use shall equal the balance as recorded in FERC Account No. 105 for transmission uses within 5 years.
- 14.1.9.1.34 Prepayments shall equal prepayment balance as recorded in FERC Account No. 165 per 18 C.F.R. Parts 101 (Electric) and 201 (Gas) less prepaid state and Federal income taxes.
- 14.1.9.1.35 Real Estate Tax Expenses shall equal electric real estate tax expense as recorded in FERC Account 408.1.
- 14.1.9.1.36 Regulatory Assets and Liabilities shall equal state and federal regulatory asset balances in FERC Account Nos. 182.3 and 254, assets and liabilities solely related to FAS109, and excess AFUDC.
- 14.1.9.1.37 Total Accumulated Deferred Income Taxes shall equal the sum of deferred tax balances recorded in FERC Account Nos. 281 - 283 plus accumulated deferred investment tax credits as reflected in FERC Account No. 255, minus the deferred tax balance in FERC Account No. 190. Total Accumulated Deferred Income Taxes shall exclude the specifically identified generation-related stranded cost deferred taxes.
- 14.1.9.1.38 Total Electric Plant shall equal the sum of Transmission Plant, Distribution Plant, Electric General Plant and Intangible Electric Plant.
- 14.1.9.1.39 Total Gas Plant shall equal the plant balance recorded in 18 C.F.R. Part 201, FERC Account Nos. 301-399. Total Gas Plant shall exclude Common Plant.

- 14.1.9.1.40 Transmission Depreciation Reserve shall equal electric transmission plant related depreciation reserve balance as recorded in FERC Account No. 108, plus Transmission Related General Plant Accumulated Depreciation, Transmission Related Amortization of Other Utility Plant, and Common Plant Accumulated Depreciation associated with Gross Electric Plant.
- 14.1.9.1.41 Transmission Operation and Maintenance Expense shall equal the sum of electric expenses as recorded in FERC Account Nos. 560 and 562-574 which shall include Transmission Support Payments, but shall exclude expenses incurred pursuant to agreements entered into with generators or other similar resources for the purpose of supporting transmission reliability that do not qualify as Transmission Support Payments.
- 14.1.9.1.42 Transmission Plant shall equal the gross plant balance as recorded in FERC Account Nos. 350-359.
- 14.1.9.1.43 Transmission Related Bad Debt Expense shall equal Bad Debt Expense as reported in FERC Account 904 related to NMPC's wholesale transmission billing.
- 14.1.9.1.44 Unamortized Discount on Long-Term Debt shall equal the balance in FERC Account No. 226.
- 14.1.9.1.45 Wholesale Metering Investment shall equal the gross plant investment associated with any Revenue or Remote Terminal Unit ("RTU") meters and associated equipment connected to an internal or external tie at voltages equal to or greater than 23 kV. The gross plant investment shall be determined by multiplying the number of such existing wholesale meters recorded in FERC Account No. 370.3 and in blanket metering accounts by the average cost of the

meters plus the average costs of installation. To the extent future gross plant investment for Wholesale Metering can be specifically identified, actual gross meter costs will be used.

Forecast and True-up Related Terms

14.1.9.1.46 Forecast Period shall mean the calendar year immediately following the calendar year for which the most recent FERC Form 1 data is available, as of the beginning of the Update Year.

14.1.9.1.47 Forecasted Transmission Plant Additions (“FTPA”) shall mean the sum of:

14.1.9.1.47.1 NMPC’s actual Transmission Plant additions during the first quarter (January 1 through March 31) of the Forecast Period; and

14.1.9.1.47.2 NMPC’s forecasted transmission investment for the Forecast Period less the amount (i), divided by 2.

14.1.9.1.48 Interest on refunds, surcharges, or adjustments, as applicable, shall mean interest calculated in accordance with the methodology specified in the Commission’s regulations at 18 C.F.R. § 35.19a (a) (2) (iii) (or as such provision may be renumbered in the future).

14.1.9.1.49 Actual Transmission Revenue Requirement shall mean the current Historical Transmission Revenue Requirement (as defined in Attachment 1).

14.1.9.1.50 Actual Scheduling, System Control and Dispatch cost shall mean the most recently established CCC (as defined in Attachment 1).

14.1.9.1.51 Actual Billing Units shall mean the most recently established BU (as defined in Attachment 1).

- 14.1.9.1.52 Prior Year Transmission Revenue Requirement shall equal RR less Annual True-Up (“ATU”), as defined in Attachment 1, for the most recently ended calendar year as of the beginning of the Update Year.
- 14.1.9.1.53 Prior Year Scheduling, System Control and Dispatch shall equal the CCC, as defined in Attachment 1, for the prior calendar year.
- 14.1.9.1.54 Prior Year Billing Units shall equal the BU, as defined in Attachment 1, for the prior calendar year.
- 14.1.9.1.55 Prior Year Unit Rate shall equal the sum of RR, as defined in Attachment 1, for the most recently ended Prior Year Revenue Requirement and the Prior Year Scheduling, System Control and Dispatch divided by the Prior Year Billing Units.
- 14.1.9.1.56 Annual Update shall mean the calculation of the RR, CCC, and BU components with Data Inputs for an Update Year in accordance with Section 14.1.9.4.
- 14.1.9.1.57 Data Input shall mean any data required for the calculation of RR, CCC and BU, in accordance with the Formula Rate.
- 14.1.9.1.58 Formal Challenge shall mean a challenge presented in accordance with Section 14.1.9.4.3.2.
- 14.1.9.1.59 Informational Filing shall mean the filing that NMPC makes in accordance with Section 14.1.9.4 to establish the Annual Update for an Update Year.
- 14.1.9.1.60 Interested Party shall mean a person that is (i) a party to FERC Docket No. ER08-552, (ii) the New York State Public Service Commission; (iii) a transmission customer under this Tariff that pays charges based on the Formula

Rate during the calendar year prior to the submission of the Informational Filing; or (iv) a state regulatory authority having jurisdiction over the retail electric rates of such a transmission customer, provided that such regulatory authority or such customer notifies NMPC of that fact no later than 30 days prior to the Publication Date. An Interested Person includes employees of or consultants to such person.

14.1.9.1.61 Material Accounting Change shall mean an accounting policy or practice, including, but not limited to, a policy or practice affecting the allocation of costs or revenues, employed by NMPC during an Update Year that differs from the corresponding policy or practice in effect during any of the three previous calendar years which change affects any Data Input for the Update Year by \$1.0 million or more, as compared to the previous calendar year.

14.1.9.1.62 Preliminary Challenge shall mean a challenge presented by an Interested Party in accordance with Section 14.1.9.4.2.1.

14.1.9.1.63 Publication Date shall be the date of an Informational Filing for an Update Year.

14.1.9.1.64 Review Period shall be the period ending one-hundred and fifty (150) days after the Publication Date, unless extended in accordance with Section 14.1.9.4.2.1.

14.1.9.1.65 Formula Rate shall be the formulas set forth in Attachment 1.

14.1.9.1.66 Update Year shall be the period from July 1 of a given calendar year through June 30 of the subsequent calendar year for a particular Annual Update.

14.1.9.1.67 Transmission Support Payments shall be expenses accepted by FERC for inclusion in the Historical Transmission Revenue Requirement pursuant to

agreements entered into with generators or other similar resources for the purpose of supporting transmission reliability that have been submitted to FERC for review. Pursuant to the settlement agreement accepted by FERC in Docket No. ER14-543, Transmission Support Payments shall include the costs incurred by Niagara Mohawk pursuant to the reliability support services agreements entered into between Niagara Mohawk and Dunkirk Power, LLC on July 12, 2012 and March 4, 2013, including the costs of extending the March 4, 2013 agreement through the end of 2015, less a sum total of \$35 million.

All references to FERC accounts in the above definitions are references to 18 C.F.R. Part 101, unless specifically noted otherwise. In the event that the above-referenced FERC accounts are renumbered, renamed, or otherwise modified, the above sections shall be deemed amended to incorporate such renumbered, renamed, modified or additional accounts.

14.1.9.2 Calculation of RR

The RR component shall equal the (a) Historical Transmission Revenue Requirement, plus (b) the Forecasted Transmission Revenue Requirement which shall exclude the impact of any Transmission Support Payments, plus (c) the Annual True-Up, determined in accordance with the Formula Rate.

14.1.9.3 Fixed Formula Inputs

Formula Rate inputs for (i) the authorized return on common equity (“ROE”), (ii) any cap on the common equity component of the capital structure, (iii) amount and amortization period of extraordinary property losses, (iv) depreciation and/or amortization rates, (v) PBOP expenses, and (vi) the electric wages and salaries allocation factor and transmission wages and salaries allocation factor shall be stated values until changed by the FERC pursuant to Section 205 or

Section 206 of the Federal Power Act. An application under Section 205 or 206 or a proceeding initiated by FERC sua sponte under Section 206 to modify any of these stated values under the Formula Rate other than the ROE, the cap on the common equity component of the capital structure or the allocation factors in (vi) shall not be deemed to open for review other components of the Formula Rate.

14.1.9.4 Annual Update Process

14.1.9.4.1 Annual Updates

14.1.9.4.1.1 On or before June 14th of each year, NMPC shall recalculate its RR, CCC, and BU components, applying the Data Inputs called for in the Formula Rate to produce the Annual Update for the upcoming Update Year, and:

14.1.9.4.1.1.1 shall post such Annual Update and a “workable” excel file containing that year’s Annual Update on the NYISO’s Internet website;

14.1.9.4.1.1.2 shall file such Annual Update with the FERC as the Informational Filing. The submission of such Informational Filing with FERC shall not require any action by the agency; and

14.1.9.4.1.1.3 shall serve the Annual Update electronically on all Interested Parties.

14.1.9.4.1.2 If the date for making the Informational Filing should fall on a weekend or a holiday recognized by the FERC, then the posting/filing shall coincide with the NYISO posting requirement for July rates.

14.1.9.4.1.3 The Annual Update for the Update Year:

14.1.9.4.1.3.1 shall use the Data Inputs specified in NMPC’s Formula Rate, and therefore, to the extent specified in NMPC’s Formula Rate, be based upon

NMPC's FERC Form No. 1 data for the most recent calendar year; to the extent specified in NMPC's Formula Rate, be based upon the books and records of NMPC consistent with FERC accounting policies, and, to the extent specified in NMPC's Formula Rate, be based on projections for the upcoming calendar year;

14.1.9.4.1.3.2 shall provide supporting documentation for Data Inputs in the form of the data provided in Attachment C to the Offer of Settlement dated April 6, 2009, in Docket No. ER08-552; and, with respect to Billing Units, shall include monthly documents in PDF format with redacted names and revised reference numbers for each entity to protect confidentiality, showing the Billing Units for each month of the most recently completed calendar billing year (the six-month updated BUs), including NMPC's Transmission Owner Load ("TOL"), consisting of metered loads for the December through November timeframe showing the calendar billing year BUs reported to the NYISO by NMPC. The total MWh of generation (including load modifiers) and net interchange for each NMPC transmission zone will be displayed. National Grid will also provide a document as a "workable" Excel file summarizing the TOL for disputed station service, High Load Factor Fitzpatrick and any other entity excluded from the Billing Units calculation in Attachment 1, Schedule 6.12, of the Formula Rate. The summary will be labeled to show the reason for exclusion, consistent with the definition of Billing Units and will reconcile to the totals shown on Attachment 1, Schedule 6.12.

14.1.9.4.1.3.3 shall provide notice of and describe all Material Accounting Changes, which description shall include an explanation of the purpose for and

the circumstances giving rise to the Material Accounting Change, including references to any relevant orders, policies or notices of the Securities and Exchange Commission, the FERC or a retail regulator, which explanation may incorporate by reference any applicable disclosure statements filed with any such agency;

14.1.9.4.1.3.4 shall provide notice of the date and location of the meeting to be held in accordance with Section 14.1.9.4.2.2;

14.1.9.4.1.3.5 shall be subject to challenge and review only in accordance with the procedures set forth in this Section 14.1.9.4, provided that such procedures shall not preclude investigation of the Annual Update by FERC, including through hearing procedures;

14.1.9.4.1.3.6 shall not seek to modify NMPC's Formula Rate and shall not be subject to challenge by an Interested Party seeking to modify NMPC's Formula Rate (i.e., all such modifications to the Formula Rate will require, as applicable, a Federal Power Act Section 205 or Section 206 proceeding), provided that an Interested Party may propose for consideration a change to the Formula Rate, as provided in Section 14.1.9.4.3.5;

14.1.9.4.1.3.7 shall include a list of the email addresses of Interested Parties upon which the Annual Update was served; and

14.1.9.4.1.3.8 shall provide a description of, and workpapers for, any correction of an error discovered by NMPC that affects the calculation of any charges under the Formula Rate during a prior year within the period applicable under Section 14.1.9.4.4.

14.1.9.4.1.4 The fixed Formula Rate inputs set forth in Section 14.1.9.3 shall not be subject to adjustment in an Annual Update.

14.1.9.4.2 Annual Review Procedures

Each Annual Update shall be subject to the following review procedures:

14.1.9.4.2.1 Any Interested Party shall have up to one hundred fifty (150) days after the Publication Date (unless such period is extended with the written consent of NMPC) to review the calculations and to notify NMPC in writing of any specific challenges to the accuracy of any Data Input in the Annual Update or the conformance of any such Data Input with the requirements of the Formula Rate (“Preliminary Challenge”); provided, however, that each Interested Party shall make a good faith effort to submit Preliminary Challenges at the earliest practicable date so that they may be resolved as soon as possible, and provide NMPC with a non-binding list of potential Preliminary Challenges it may present, based on its review of the Annual Update and on responses to information requests provided to that point, within ninety (90) days of the Publication Date. Any Preliminary Challenge shall be posted on the NYISO’s internet website and served by electronic service on all Interested Parties by the next business day following the date it is provided to NMPC.

14.1.9.4.2.2 Within thirty (30) days of the Publication Date, NMPC shall hold a meeting open to all Interested Parties, at which meeting: (a) NMPC shall present and explain the Annual Update; (b) NMPC shall respond to questions from Interested Parties, to the extent such questions can be answered immediately; and

(c) Interested Parties shall identify any areas of potential Preliminary Challenges, to the extent they have identified them at the time of the meeting.

14.1.9.4.2.3 Interested Parties shall have up to one hundred thirty (130) days after each annual Publication Date (unless such period is extended with the written consent of NMPC) to serve reasonable information requests on NMPC; provided, however, that the Interested Parties shall make a good faith effort to submit consolidated sets of information requests that limit the number and overlap of questions to the extent practicable. Such information requests may be directed to matters relevant to the accuracy of the Data Inputs included in the Annual Update and the conformance of those Data Inputs with the requirements of the corresponding provisions of the Formula Rate, including: (a) the reasons for any change in a Data Input from the corresponding Data Input in an earlier Annual Update; (b) the reasons for any change in a Data Input based on actual costs from the corresponding Data Input based on a cost projection in an earlier Annual Update; (c) any reports or other materials provided to fulfill the requirements of a state or federal regulatory agency that explain the basis for projected or actual costs reflected in a Data Input; and (d) the impact of any Material Accounting Change identified in the Annual Update on the charges produced by the Formula Rate.

14.1.9.4.2.4 NMPC shall make a good faith effort to respond to information requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. NMPC may give reasonable priority to responding to requests that satisfy the practicable coordination and consolidation provision of

Section 14.1.9.4.2.3, above. NMPC's responses to information requests shall not be entitled to protection as privileged settlement communications; provided, however, that: (a) any communications between NMPC and any Interested Party in connection with efforts to negotiate a resolution of a Preliminary Challenge or Formal Challenge shall be entitled to such protection; (b) if NMPC's response to an information request contains proprietary or trade secret information or critical energy infrastructure information, NMPC and the Interested Party or Parties receiving such information shall enter into a confidentiality agreement materially similar to the model protective order used by the FERC to protect the confidentiality of such information; and (c) nothing herein shall require NMPC to provide information that is protected by the attorney-client privilege, the attorney work product doctrine, or any other legally recognized privilege.

14.1.9.4.3 Resolution of Challenges

14.1.9.4.3.1 NMPC and the Interested Parties shall negotiate in good faith throughout the Review Period to attempt to resolve any Preliminary Challenges.

14.1.9.4.3.2 If NMPC and any Interested Party or Parties have not resolved any Preliminary Challenge to the Annual Update within the Review Period, an Interested Party shall have an additional twenty-one (21) days (unless such period is extended with the written consent of NMPC to continue efforts to resolve a Preliminary Challenge) to present the subject matter of the Preliminary Challenge to the FERC as a Formal Challenge, which shall be served on NMPC and all other Interested Parties by electronic service on the date of such filing and posted on the NYISO's internet website, however, there shall be no need to make a Formal

Challenge or to await conclusion of the time periods in Section 14.1.9.4.2 if the FERC already has initiated a proceeding to investigate the Annual Update. By no later than five (5) business days after the end of the Review Period, NMPC shall apprise Interested Parties of the resolution of all Preliminary Challenges that have been resolved and of the impact of the resolution of all such Preliminary Challenges on the Annual Update. Within an additional fifteen (15) business days, NMPC shall submit a supplement to its Informational Filing to the FERC, with electronic service upon the Interested Parties, reflecting the impact of all successfully resolved Preliminary Challenges.

14.1.9.4.3.3 Any response by NMPC to a Formal Challenge must be submitted to the FERC within twenty-one (21) days of the date of the filing of the Formal Challenge, and shall be posted on the NYISO's Internet website and served on all Interested Parties by electronic service on the date of such filing.

14.1.9.4.3.4 In any proceeding initiated by the FERC concerning the Annual Update or in response to a Formal Challenge, NMPC shall bear the burden of proving that the Data Inputs in that year's Annual Update are correct and conform to the terms of the Formula Rate and refunds or adjustments may be made, in either case with interest, to charges collected under the Formula Rate if the FERC concludes that the Data Inputs are incorrect or do not conform to the terms of the Formula Rate. In all other respects, any such proceeding shall be governed by the rules and requirements applicable to proceedings under Section 206 of the Federal Power Act.

14.1.9.4.3.5 An Interested Party may propose that resolution of a Preliminary Challenge or Formal Challenge concerning a Material Accounting Change necessitates changes to the Formula Rate to ensure that the resulting charges, including the effect of the Material Accounting Change, are just and reasonable. If NMPC agrees to such a proposed change to the Formula Rate to resolve a Preliminary Challenge, NMPC shall file the change to the Formula Rate with the FERC for approval pursuant to Section 205 of the Federal Power Act. If NMPC does not agree to such a proposed change, the Interested Party may file the proposed change with the FERC for approval pursuant to Section 206 of the Federal Power Act concurrent with its submission of a Formal Challenge; provided that if FERC approves the proposed change, the change to the Formula Rate shall take effect as of the beginning of the Update Year during which the Section 206 filing is made, and refunds or surcharges shall be made, in either case with interest, to charges under the Formula Rate after the beginning of such Update Year to reflect the proposed change.

14.1.9.4.3.6 Nothing herein shall be deemed to limit in any way the right of NMPC to file unilaterally, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, changes to NMPC's Formula Rate (including changes in connection with any incentive mechanism) or any of its Data Inputs (including, but not limited to, any fixed Data Inputs) or the right of any other party to file for such changes pursuant to Section 206 of the Federal Power Act and the regulations thereunder. All parties reserve all rights to challenge, or take any position in response to, any such filing by any other party.

14.1.9.4.4 Changes to Data Inputs

14.1.9.4.4.1 Any changes to the Data Inputs for an Annual Update, including but not limited to revisions resulting from any FERC proceeding to consider the Annual Update, or as a result of the procedures set forth herein, shall take effect as of the beginning of the Update Year and the impact of such changes shall be incorporated into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19(a)) in the Annual Update for the next effective Update Year. This mechanism shall apply in lieu of mid-Update Year adjustments and any refunds or surcharges, except that, if an error in a Data Input is discovered and agreed upon within the Review Period, the impact of such change shall be incorporated prospectively into the charges produced by the Formula Rate during the remainder of the year preceding the next effective Update Year, in which case the impact reflected in subsequent charges shall be reduced accordingly.

14.1.9.4.4.2 The impact of an error affecting a Data Input on charges collected during the Formula Rate during the five (5) years prior to the Update Year in which the error was first discovered shall be corrected by incorporating the impact of the error on the charges produced by the Formula Rate during the five-year period into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19(a)) in the Annual Update for the next effective Update Year. Charges collected before the five-year period shall not be subject to correction.

14.2 Attachment 1 to Attachment H (Niagara Mohawk Power Corporation) and NYPA Transmission Adjustment Charge

14.2.1 Attachment 1 to Attachment H: Schedules (Niagara Mohawk Power Corporation)

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Niagara Mohawk Power Corporation

Attachment 1

Calculation of RR Pursuant to Attachment H, Section 14.1.9.2

	Year
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Schedule 1

Calculation of RR

14.1.9.2 The RR component shall equal the (a) Historical Transmission Revenue Requirement plus (b) the Forecasted Transmission Revenue Requirement plus (c) the Annual True-Up, determined in accordance with the formula below.

Historical Transmission Revenue Requirement (Historical TRR)

Line No.

1	<u>Historical Transmission Revenue Requirement (Historical TRR)</u>			
2				
3	14.1.9.2 (a)	Historical TRR shall equal the sum of NMPC's (A) Return and Associated Income Taxes, (B) Transmission Related Depreciation Expense, (C)		
4		Transmission Related Real Estate Tax Expense, (D) Transmission Related Amortization of Investment Tax Credits,		
5		(E) Transmission Operation and Maintenance Expense, (F) Transmission Related Administrative and General Expenses, (G) Transmission		
6		Related Payroll Tax Expense, (H) Billing Adjustments, and (I) Transmission Related Bad Debt Expense less		
7		(J) Revenue Credits, and (K) Transmission Rents, all determined for the most recently ended calendar year as of the beginning of the update year.		
8		<u>Reference</u>		
9		<u>Section:</u>	0	
10	Return and Associated Income Taxes	(A)	#DIV/0!	Schedule 8, Line 64
11	Transmission-Related Depreciation Expense	(B)	#DIV/0!	Schedule 9, Line 6, column 5
12	Transmission-Related Real Estate Taxes	(C)	#DIV/0!	Schedule 9, Line 12, column 5
13	Transmission - Related Investment Tax Credit	(D)	#DIV/0!	Schedule 9, Line 16, column 5 times minus 1
14	Transmission Operation & Maintenance Expense	(E)	\$0	Schedule 9, Line 23, column 5
15	Transmission Related Administrative & General Expense	(F)	#DIV/0!	Schedule 9, Line 38, column 5
16	Transmission Related Payroll Tax Expense	(G)	\$0	Schedule 9, Line 44, column 5
17	Sub-Total (sum of Lines 10 - Line 16)		<u>#DIV/0!</u>	
18				
19	Billing Adjustments	(H)	\$0	Schedule 10, Line 1
20	Bad Debt Expenses	(I)	\$0	Schedule 10, Line 4
21	Revenue Credits	(J)	\$0	Schedule 10, Line 7
22	Transmission Rents	(K)	\$0	Schedule 10, Line 14
23				
24	Total Historical Transmission Revenue Requirement (Sum of Line 17 -		#DIV/0!	
25	Line 22)			

Niagara Mohawk Power Corporation
Forecasted Transmission Revenue Requirement
Attachment H, Section 14.1.9.2

Attachment 1
Schedule 2

	Year
--	------

Shading denotes an input

Line No.

1 14.1.9.2 **FORECASTED TRANSMISSION REVENUE REQUIREMENTS**
 (b)

2 Forecasted TRR shall equal (1) the Forecasted Transmission Plant Additions (FTPA) multiplied by the Adjusted Annual (AFTRRF), plus (2) Forecasted ADIT Adjustment (FADITA), plus (3) the Mid-Year Trend Adjustment (MYTA), less (4) Transmission Support Payments (TSP), plus (5) the Tax Rate Adjustment (TRA), less (6) Other Billing Adjustments (OBA) as shown in the following formula:

$$\text{Forecasted TRR} = (\text{FTPA} * \text{AFTRRF}) + \text{FADITA} + \text{MYTA} - \text{TSP} + \text{TRA} - \text{OBA}$$

	<u>Period</u>	<u>Reference</u>	<u>Source</u>
--	---------------	------------------	---------------

10	(1) FORECASTED TRANSMISSION PLANT ADDITIONS (FTPA)	\$0	
11	Adjusted Annual Transmission Revenue Requirement Factor (AFTRRF)	#DIV/0!	Workpaper 8, Section I, Line 16 Line 78
12	Sub-Total (Lines 10*11)	#DIV/0!	
13			
14	(2) FORECASTED ADIT ADJUSTMENT (FADITA)		
15	The Forecasted ADIT Adjustment (FADITA) shall equal the Forecasted ADIT (FADIT)		
16	multiplied by the Cost of Capital Rate, where:		
17			
18	Forecasted ADIT(FADIT) shall equal the projected change in Accumulated Deferred Income Taxes from the most recently concluded calendar year related to accelerated depreciation and associated with Transmission Plant for the		
19	Forecasted Period calculated in accordance with Treasury regulation Section 1.167(1)-1(h)(6).		
20			
21			
22	Forecasted ADIT (FADIT)	#DIV/0!	Schedule 13, Line 24
23	Cost of Capital Rate	#DIV/0!	Schedule 8, Line 62
24	Forecasted ADIT Adjustment (FADITA)	#DIV/0!	Line 22 * Line 23
25			
26	(3) MID YEAR TREND ADJUSTMENT (MYTA)		
27	The Mid-Year Trend Adjustment shall be the difference, whether positive or negative, between		
28	(i) the Historical TRR Component (E) excluding Transmission Support Payments, based on actual data for the first three months of the		

29	Forecast Period, and (ii) the Historical TRR Component (E) excluding Transmission Support Payments, based on data for the first three months of the year prior to the Forecast Period.		
30			
31	Plus Mid-Year Trend Adjustment (MYTA)	\$0	Workpaper 9, line 32, variance column
32			
33	(4) TRANSMISSION SUPPORT PAYMENTS (TSP)		
34	Less Impact of Transmission Support Payments on Historical Transmission Revenue Requirement	\$0	Workpaper 9A
35	Less: Other Billing Adjustments - Dunkirk Settlement ER14-543-000	\$0	Schedule 10
36			
37	(5) TAX RATE ADJUSTMENT (TRA)		
38	The Tax Rate Adjustment shall be the amount, if any, required to adjust Historical TRR Component (A) for any change in the Federal Income Tax Rate		
39	and/or the State Income Tax Rate that takes effect during the first five months of the Forecast Period.		
40			
41	Tax Rate Adjustment (TRA)	\$0	
42			
43	(6) OTHER BILLING ADJUSTMENTS (OBA)		
44	Other Billing Adjustments shall equal any amounts related to the HTRR calculation that are		
45	required to be adjusted in the current year's FTRR to remove the impact on the Update Year		
46			
47	Other Billing Adjustments (OBA)	\$0	Schedule 10, Line 1
48			
49	Forecasted Transmission Revenue Requirement (Line 12 + Line 24 + Line 31 – Line 34 – Line 35 + Line 41-Line 47)	#DIV/0!	
50			
51	14.1.9.2(c) <u>ANNUAL FORECAST TRANSMISSION REVENUE REQUIREMENT FACTOR</u>		
52			
53	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF) shall equal the difference between the Annual Forecast		
54	Transmission Revenue Requirement Factor (FTRRF) and the quotient of (1) Cost of Capital Rate multiplied by the Transmission Related		
55	Accumulated Deferred Taxes less Accumulated Deferred Inv. Tax Cr (255) for the most recently concluded calendar year,		
56	and (ii) the year-end Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a).		
57			
58	The Annual Forecast Transmission Revenue Requirement Factor (Annual FTRRF) shall equal the sum of Historical TRR components (A) through (C),		
59	divided by the year-end balance of Transmission Plant in Service determined in accordance with Section 14.1.9.2 (a), component (A)1(a).		
60			
61	Derivation of Annual Forecast Transmission Revenue Requirement		

Factor (FTRRF)				
62	Investment Return and Income Taxes	(A)	#DIV/0!	Schedule 1, Line 10
63	Depreciation Expense	(B)	#DIV/0!	Schedule 1, Line 11
64	Property Tax Expense	(C)	#DIV/0!	Schedule 1, Line 12
65	Total Expenses (Lines 62 thru 64)		#DIV/0!	
66	Transmission Plant	(a)	#DIV/0!	Schedule 6, Page 1, Line 12
67	Annual Forecast Transmission Revenue Requirement Factor (Lines 65/ Line 66)		#DIV/0!	
68				
69	Adjustment to FTRRF to reflect removal of ADIT that is subject to normalization			
70	Transmission Related ADIT Balance at year-end		#DIV/0!	Schedule 7, Line 6, Column L
71	Less: Accumulated Deferred Inv. Tax Cr (255)		#DIV/0!	Schedule 7, Line 5, Column L
72	Net Transmission ADIT Balance at year-end		#DIV/0!	Line 70 - Line 71
73	Cost of Capital Rate		#DIV/0!	Schedule 8, Line 62
74	Total Return and Income Taxes Associated with ADIT Balance at year-end		#DIV/0!	Line 72 * Line 73
75				
76	Annual Forecast Transmission Revenue Requirement Factor (FTRRF)		#DIV/0!	Line 67
77	Less: Incremental Annual Forecast Transmission Revenue Requirement Factor Adjustment for ADIT		#DIV/0!	Line 74 / Line 66
78	Adjusted Annual Forecast Transmission Revenue Requirement Factor (AFTRRF)		#DIV/0!	Line 76 - Line 77

Niagara Mohawk Power Corporation

**Attachment 1
Schedule 3**

Annual True-up (ATU)

Attachment H Section 14.1.9.2 (c)

Line No.		Year	Source:
1			
2	14.1.9.2(d)		
3	The Annual True-Up (ATU) shall equal (1) the difference between the Actual Transmission Revenue Requirement and the Prior Year		
4	Transmission Revenue Requirement, plus (2) the difference between the Actual Scheduling, System Control and Dispatch costs		
5	and Prior Year Scheduling, System Control and Dispatch costs, plus (3) the difference between the Prior Year Billing Units and the Actual Year		
6	Billing Units multiplied by the Prior Year Unit Rate, plus (4) Interest on the net differences.		
7	(1) Revenue Requirement (RR) of rate effective July 1 of prior year	\$0	Schedule 4, Line 1, Col (d)
8	Less: Annual True-up (ATU) from rate effective July 1 of prior year	\$0	Schedule 4, Line 1, Col (c)
9	Prior Year Transmission Revenue Requirement	\$0	Line 7 - Line 8
10			
11	Actual Transmission Revenue Requirement	#DIV/0!	Schedule 4, Line 2, Col (a)
12	Difference	#DIV/0!	Line 11 - Line 9
13			
14	(2) Prior Year Scheduling, System Control and Dispatch costs (CCC)	\$0	Schedule 4, Line 1, Col (e)
15	Actual Scheduling, System Control and Dispatch costs (CCC)	\$0	Schedule 4, Line 2, Col (e)
16	Difference	\$0	Line 15 - Line 14
17			
18	(3) Prior Year Billing Units (MWH)	\$0	Schedule 4, Line 1, Col (f)
19	Actual Billing Units	-	Schedule 4, Line 2, Col (f)
20	Difference	-	Line 18 - Line 19
21	Prior Year Indicative Rate	#DIV/0!	Schedule 4, Line 1, Col (g)
22	Billing Unit True-Up	#DIV/0!	Line 20 * Line 21
23			
24	Total Annual True-Up before Interest	#DIV/0!	(Line 12 + Line 16 + Line 22)
25			
26	(4) Interest	#DIV/0!	Line 57, Column 9
27			
28	Annual True-up RR Component	#DIV/0!	(Line 24 + Line 26)
29			

30 Interest Calculation per 18 CFR § 35.19a

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Quarters	Annual	Accrued Prin	Monthly	Days	Period	Multiplier	Accrued Prin	Accrued	
	Interest	& Int. @ Beg	(Over)/Under	in	Days		& Int. @ End	Int. @ End	
	Rate (a)	Of Period	Recovery	Period (b)	Days		Of Period	Of Period	
36 3rd QTR		0		92	92	1.0000	\$0	\$0	
37 July	0.00%		#DIV/0!	31	92	1.0000	#DIV/0!	#DIV/0!	
38 August	0.00%		#DIV/0!	31	61	1.0000	#DIV/0!	#DIV/0!	

39	September	0.00%		#DIV/0!	30	30	1.0000	#DIV/0!	#DIV/0!
40									
41	4th QTR		#DIV/0!		92	92	1.0000	#DIV/0!	#DIV/0!
42	October	0.00%		#DIV/0!	31	92	1.0000	#DIV/0!	#DIV/0!
43	November	0.00%		#DIV/0!	30	61	1.0000	#DIV/0!	#DIV/0!
44	December	0.00%		#DIV/0!	31	31	1.0000	#DIV/0!	#DIV/0!
45									
46	1st QTR		#DIV/0!		91	91	1.0000	#DIV/0!	#DIV/0!
47	January	0.00%		#DIV/0!	31	91	1.0000	#DIV/0!	#DIV/0!
48	February	0.00%		#DIV/0!	28	60	1.0000	#DIV/0!	#DIV/0!
49	March	0.00%		#DIV/0!	31	31	1.0000	#DIV/0!	#DIV/0!
50									
51	2nd QTR		#DIV/0!		91	91	1.0000	#DIV/0!	#DIV/0!
52	April	0.00%		#DIV/0!	30	91	1.0000	#DIV/0!	#DIV/0!
53	May	0.00%		#DIV/0!	31	61	1.0000	#DIV/0!	#DIV/0!
54	June	0.00%		#DIV/0!	30	30	1.0000	#DIV/0!	#DIV/0!
55									
56									
57	Total (over)/under Recovery			#DIV/0!	(line 24)	#DIV/0!			#DIV/0!

(a) Interest rates shall be the interest rates as reported on the FERC Website <http://www.ferc.gov/legal/acct-matts/interest-rates.asp>

(b) For leap years use 29 days in the month of February

**Attachment 1
Schedule 4**

Niagara Mohawk Power Corporation

Wholesale TSC Calculation Information

Line No.		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Historical Transmission Revenue Requirement (Historical TRR)	Forecasted Transmission Revenue Requirement	Annual True Up	Revenue Requirement (RR)	Scheduling System Control and Dispatch Costs (CCC)	Annual Billing Units (BU) MWh	Rate \$/MWh (*)
1	Prior Year Rates Effective _____	-	-	-	-	-	-	#DIV/0!
2	Current Year Rates Effective July 1, _____	#DIV/0!	#DIV/0!		#DIV/0!	-	-	#DIV/0!
3	Increase/(Decrease)							#DIV/0!
4	Percentage Increase/(Decrease)							#DIV/0!
1.)	Information directly from Niagara Mohawk Prior Year Informational Filing							
2.)								
(a)	Schedule 1, Line 24							
(b)	Schedule 2, Line 49							
(c)	Schedule 3, Line 28							
(d)	Attachment H, Section 14.1.9.2 The RR Component shall equal Col (a) Historical Transmission Revenue Requirement plus Col (b) the Forecasted Transmission Revenue Requirement which shall exclude Transmission Support Payments, plus Col (c) the Annual True-Up plus Col (c) the Annual True-Up							
(e)	Schedule 11, Line 21 - Annual Scheduling, System Control and Dispatch Costs. (i.e. the Transmission Component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts from the prior calendar year excluding any NY Independent System Operator (NYISO) system control and load dispatch expenses already recovered under Schedule 1 of the NYISO Tariff.							
(f)	Schedule 12, line 17 - Billing Units shall be the total Niagara Mohawk load as reported to the NYISO for the calendar year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk's TSC rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR, and Reserved components of Attachment H of the NYISO TSC rate including Niagara Mohawk's external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service.							
(g)	(Col (d) + Col (e)) / Col (f)							

(*) The rate column represents the unit rate prior to adjustments; the actual rate will be determined pursuant to the applicable TSC formula rate.

Niagara Mohawk Power Corporation
Allocation Factors - As calculated pursuant to Section 14.1.9.1

Attachment 1
Schedule 5

Year

Shading denotes an input

Line
 No.

Line No.	Description	Amount	Source	Definition
1	14.1.9.1.1. <u>Electric Wages and Salaries Factor</u>	83.5000%		Fixed per settlement Docket ER08-552
2				
3	14.1.9.1.3. <u>Transmission Wages and Salaries Allocation Factor</u>	13.0000%		Fixed per settlement Docket ER08-552
4				
5				
6				
7				
8	14.1.9.1.2. <u>Gross Transmission Plant Allocation Factor</u>			
9	Transmission Plant in Service	#DIV/0!	Schedule 6, Page 2, Line 3, Col 5	Gross Transmission Plant Allocation Factor shall equal the total investment in
10	Plus: Transmission Related General	\$0	Schedule 6, Page 2, Line 5, Col 5	Transmission Plant in Service, Transmission Related Electric General Plant,
11	Plus: Transmission Related Common	\$0	Schedule 6, Page 2, Line 10, Col 5	Transmission Related Common Plant and Transmission Related Intangible Plant
12	Plus: Transmission Related Intangible Plant	\$0	Schedule 6, Page 2, Line 15, Col 5	divided by Gross Electric Plant.
13	Gross Transmission Investment	#DIV/0!	Sum of Lines 9 - 13	
14				
15	Total Electric Plant		FF1 207.104g	
16	Plus: Electric Common	\$0	Schedule 6, Page 2, Line 10, Col 3	
17	Gross Electric Plant in Service	\$0	Line 15 + Line 16	
18				
19	Percent Allocation	<u>#DIV/0!</u>	Line 13 / Line 17	
20				
21	14.1.9.1.4. <u>Gross Electric Plant Allocation Factor</u>			
22				
23	Total Electric Plant in Service	\$0	Line 15	Gross Electric Plant Allocation Factor shall equal
24	Plus: Electric Common Plant	\$0	Schedule 6, Page 2, Line 10, Col 3	Gross Electric Plant divided by the sum of Total Gas Plant,
25	Gross Electric Plant in Service	\$0	Line 23 + Line 24	Total Electric Plant, and Total Common Plant
26				
27	Total Gas Plant in Service		FF1 201.8d	

28	Total Electric Plant in Service	\$0	Line 15
29	Total Common Plant in Service	\$0	Schedule 6, Page 2, Line 10, Col 1
30	Gross Plant in Service (Gas & Electric)	-	Sum of Lines 27-Lines 29
31			
32	Percent Allocation	<u><u>#DIV/0!</u></u>	Line 25 / Line 30

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Investment Base (Part 1 of 2)
Attachment H, section 14.1.9.2

Line No.

1 14.1.9.2 (a) Transmission Investment Base

2
3 A.1. Transmission Investment Base shall be defined as (a) Transmission Plant in Service, plus (b) Transmission Related Electric General Plant, plus
4 (c) Transmission Related Common Plant, plus (d) Transmission Related Intangible Plant, plus (e) Transmission Related Plant Held for Future Use, less
5 (f) Transmission Related Depreciation Reserve, less (g) Transmission Related Accumulated Deferred Taxes, plus (h) Transmission Related
6 Regulatory Assets net of Regulatory Liabilities, plus (i) Transmission Related Prepayments, plus (j) Transmission Related Materials and Supplies,
7 plus (k) Transmission Related Cash Working Capital.
8
9

Description	Reference	Year	Reference
	<i>Section:</i>		
Transmission Plant in Service	(a)	#DIV/0!	Schedule 6, page 2, line 3, column 5
General Plant	(b)	\$0	Schedule 6, page 2, line 5, column 5
Common Plant	(c)	\$0	Schedule 6, page 2, line 10, column 5
Intangible Plant	(d)	\$0	Schedule 6, page 2, line 15, column 5
Plant Held For Future Use	(e)	\$0	Schedule 6, page 2, line 19, column 5
Total Plant (Sum of Line 12 - Line 16)		#DIV/0!	
Accumulated Depreciation	(f)	#DIV/0!	Schedule 6, page 2, line 29, column 5
Accumulated Deferred Income Taxes	(g)	#DIV/0!	Schedule 7, line 6, column 5
Other Regulatory Assets	(h)	#DIV/0!	Schedule 7, line 11, column 5
Net Investment (Sum of Line 17 -Line 21)		#DIV/0!	
Prepayments	(i)	#DIV/0!	Schedule 7, line 15, column 5
Materials & Supplies	(j)	#DIV/0!	Schedule 7, line 21, column 5
Cash Working Capital	(k)	\$0	Schedule 7, line 28, column 5
Total Investment Base (Sum of Line 22 - Line 26)		#DIV/0!	

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Investment Base (Part 1 of 2)

Attachment H Section 14.1. 9.2 (a) A. 1.

Year

Shading denotes an input

Line No.	(1) Total	(2) Allocation Factor	(3) = (1)*(2) Electric Allocated	(4) Allocation Factor	(5) = (3)*(4) Transmission Allocated	FERC Form 1/PSC Report Reference for col (1)	<u>Definition</u>
1	<u>Transmission Plant</u>				#DIV/0!	FF1 207.58g 14.1.9.2(a)A.1.(a)	Transmission Plant in Service shall equal the balance of total investment in Transmission Plant plus Wholesale Metering Investment.
2	Wholesale Meter Plant				#DIV/0!	Workpaper 1	
3	Total Transmission Plant in Service (Line 1+ Line 2)				#DIV/0!		
4							
5	<u>General Plant</u>	100.00%	\$0	13.00%	(c) \$0	FF1 207.99g 14.1.9.2(a)A.1.(b)	Transmission Related Electric General Plant shall equal the balance of investment in Electric General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
6							
7							
8							
9							
10	<u>Common Plant</u>	83.50%	(a) \$0	13.00%	(c) \$0	FF1 201. 8h 14.1.9.2(a)A.1.(c)	Transmission Related Common Plant shall equal Common Plant multiplied by the Electric Wages and Salaries Allocation Factor and further multiplied by the Transmission Wages and Salaries Allocation Factor.
11							
12							
13							
14							
15	<u>Intangible Plant</u>	100.00%	-	13.00%	(c) \$0	FF1 205.5g 14.1.9.2(a)A.1.(d)	Transmission Related Intangible Plant shall equal Intangible Electric Plant multiplied by the
16							

17										Transmission Wages and Salaries Allocation Factor.
18										
19	<u>Transmission Plant Held for Future Use</u>	\$0				\$0		Workpaper 10	14.1.9.2(a)A.1.(e)	Transmission Related Plant Held for Future Use shall equal the balance in Plant Held for Future Use associated with property planned to be used for transmission service within five years.
20										
21										
22										
23	<u>Transmission Accumulated Depreciation</u>									
24	Transmission Accum. Depreciation					\$0		FF1 219.25b	14.1.9.2(a)A.1.(f)	Transmission Related Depreciation Reserve shall equal the balance of: (i) Transmission Depreciation Reserve, plus (ii) the product of Electric General Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor, plus (iii) the product of Common Plant Depreciation Reserve multiplied by the Electric Wages and Salaries Allocation Factor and further multiplied by the Transmission Wages and Salaries Allocation Factor plus (iv) the product of Intangible Electric Plant Depreciation Reserve multiplied by the Transmission Wages and Salaries Allocation Factor plus (v) depreciation reserve associated with the Wholesale Metering Investment.
25	General Plant Accum. Depreciation		100.00%	\$0	13.00% (c)	\$0		FF1 219.28b		
26	Common Plant Accum Depreciation		83.50% (a)	\$0	13.00% (c)	\$0		FF1 356.1	end of year balance	
27	Amortization of Other Utility Plant		100.00%	\$0	13.00% (c)	\$0		FF1 200.21c		
28	Wholesale Meters	#DIV/0!				#DIV/0!		Workpaper 1		
29	Total Depreciation (Sum of Line 24 - Line 28)					#DIV/0!				
30										
31										
32										
33										
34										
35										
36	Allocation Factor Reference									
	(a) Schedule 5, line 1									
	(b) Schedule 5, line 32 - not used on this Schedule									

(c) Schedule 5, line 3

(d) Schedule 5, line 19 - not used on this Schedule

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Investment Base (Part 2 of 2)

Attachment 1
Schedule 7

Attachment H Section 14.1.9.2 (a) A. 1.

Shading denotes an input

Line No.	(1) Total	(2) Allocation Factor	Year			(5) = (3)*(4) Transmission Allocated	FERC Form 1/PSC Report Reference for col (1)	Definition	
			(3) = (1)*(2) Electric Allocated	(4) Allocation Factor					
1	<u>Transmission Accumulated Deferred Taxes</u>								
2		100.00%	\$0	#DIV/0!	(d)	#DIV/0!	FF1 275.2k	14.1.9.2(a)A.1.(g) Transmission Related Accumulated Deferred Income Taxes	
3	\$0	100.00%	\$0	#DIV/0!	(d)	#DIV/0!	Workpaper 2, Line 5	shall equal the electric balance of Total Accumulated Deferred	
4		100.00%	\$0	#DIV/0!	(d)	#DIV/0!	FF1 234.8c	Income Taxes (FERC Accounts 190, 55,281, 282, and 283 net of	
5		100.00%	\$0	#DIV/0!	(d)	#DIV/0!	FF1 267.8h	stranded costs), multiplied by the Gross Transmission Plant	
6	Total (Sum of Line 2 - Line 5)		\$0	#DIV/0!	(d)	#DIV/0!		Allocation Factor.	
7									
8	<u>Other Regulatory Assets</u>								
9		100.00%	\$0	#DIV/0!	(d)	#DIV/0!	FF1 232 lines 2,20,25,31	14.1.9.2(a)A.1.(h) Transmission Related Regulatory Assets shall be Regulatory	
10		100.00%	\$0	#DIV/0!	(d)	#DIV/0!	FF1 278lines 1& 29(f)	Assets net of Regulatory Liabilities multiplied by the Gross	
11	Total (Line 9 + Line 10)		\$0	#DIV/0!	(d)	#DIV/0!		Transmission Plant Allocation Factor.	
12									
13	<u>Transmission Prepayments</u>								
14	Less: Prepaid State and Federal Income Tax						FF1 111.57c FF1 263 lines 2 &7 (h)	14.1.9.2(a)A.1.(i)	Transmission Related Prepayments shall be the product of
15	Total Prepayments (Line 13 + Line 14)		\$0	#DIV/0!	(b)	#DIV/0!	#DIV/0!	Prepayments excluding Federal and State taxes multiplied by	
16									
17									
18	<u>Transmission Material and Supplies</u>								
19	Trans. Specific O&M Materials and Supplies						\$0	FF1 227.8c	14.1.9.2(a)A.1.(j) Transmission Related Materials and Supplies shall equal: (i)
20	Construction Materials and Supplies		#DIV/0!	#DIV/0!	(d)	#DIV/0!	FF1 227.5c	the balance of Materials and Supplies assigned to	
		(b)	#DIV/0!	#DIV/0!	(d)	#DIV/0!		Transmission plus (ii) the product of Material and Supplies	

21	Total (Line 19 + Line 20)	<u><u>#DIV/0!</u></u>			assigned to Construction multiplied by the Gross Electric Plant Allocation Factor and further multiplied by Gross Transmission Plant Allocation Factor.
22					
23					
24					
25	<u>Cash Working Capital</u>			14.1.9.2(a)A.1.(k)	Transmission Related Cash Working Capital shall be an allowance equal to the product of: (i) 12.5% (45 days/ 360 days = 12.5%) multiplied by (ii) Transmission Operation and Maintenance Expense.
26	Operation & Maintenance Expense	\$0	Schedule 9, Line 23		
27		0.1250	x 45 / 360		
28	Total (Line 26 * Line 27)	<u><u>\$0</u></u>			
29					
30					
	Allocation Factor Reference				
	(a) Schedule 5, line 1 - not used on this Schedule				
	(b) Schedule 5, line 32				
	(c) Schedule 5, line 3 - not used on this Schedule				
	(d) Schedule 5, line 19				

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Cost of Capital Rate

Attachment 1
Schedule 8

Shading denotes an input

Year

- Line No.
- 1 **The Cost of Capital Rate shall equal the proposed Weighted Costs of Capital plus Federal Income Taxes and State Income Taxes.**
- 2 The Weighted Costs of Capital will be calculated for the Transmission Investment Base using NMPC's actual capital structure and will equal the sum of (i), (ii), and (iii) below:
- 3
- 4 (i) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of NMPC's long-term debt outstanding during the year and the sum of (a) the ratio of actual long-term debt to total capital at year-end; and
- 5 (b) the extent, if any, by which the ratio of NMPC's actual common equity to total capital at year-end exceeds fifty percent (50%). Long term debt shall be defined as the average of the beginning of the year and end of year balances of the following: long term debt less the unamortized
- 6 Discounts on Long-Term Debt less the unamortized Loss on Recquired Debt plus unamortized Gain on Recquired Debt. Cost to maturity of NMPC's long-term debt shall be defined as the cost of long term debt included in the debt discount expense and
- 7 any loss or gain on reacquired debt.
- 8 (ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of NMPC's preferred stock then outstanding and the ratio of actual preferred stock to total capital at year-end;
- 9
- 10 (iii) the return on equity component shall be the product of the allowed return on equity of 10.3% and the ratio of NMPC's actual common equity to total capital at year-end, provided that such ratio
- 11 shall not exceed fifty percent (50%).

		CAPITALIZATION	Source:	CAPITALIZATION RATIOS	COST OF CAPITAL	Source:	WEIGHTED COST OF CAPITAL	EQUITY PORTION
17	(i) Long-Term Debt	\$0	Workpaper 6, Line 16b	#DIV/0!	#DIV/0!	Workpaper 6, Line 17c	#DIV/0!	
18	(ii) Preferred Stock		FF1 112.3c	#DIV/0!	#DIV/0!	Workpaper 6, Line 24d	#DIV/0!	#DIV/0!
19	(iii) Common Equity		FF1 112.16c - FF1 112.3,12,15c	#DIV/0!	10.30%		#DIV/0!	#DIV/0!
21	Total Investment Return	\$0		#DIV/0!			#DIV/0!	#DIV/0!

26 Federal Income
 14.1.9.2.2.(b) Tax shall equal = ($\frac{A + [B / C] \times \text{Federal Income Tax Rate}}{1 - \text{Federal Income Tax Rate}}$)

27
 28 where A is the sum of the preferred stock component and the return on equity component, each as determined in Sections (a)(ii) and for the ROE set forth in (a)(iii)
 29 above, B is the Equity AFUDC component of Depreciation Expense for
 30 Transmission Plant in Service as defined at Section 14.1.9.1.16 (FF1 117.38c), and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line
 31 28.

32 = $\frac{\#DIV/0! + (\$0)}{1 - 0} \times \#DIV/0!$
 33
 34
 35 = #DIV/0!
 36
 37

38 State Income
 14.1.9.2.2.(c) Tax shall equal = $\frac{A + [B / C] + \frac{\text{Federal Income Tax Rate}}{\text{State Income Tax Rate}} \times \text{State Income Tax Rate}}{1 - \text{Federal Income Tax Rate}}$

41 where A is the sum of the preferred stock component and the return on equity component as determined in (a)(ii) and (a)(iii) above , B is the Equity AFUDC
 42 component of Depreciation Expense for Transmission Plant in
 43 Service as defined at Section 14.1.9.1.16 above, and C is the Transmission Investment Base as shown at Schedule 6, Page 1 of 2, Line 28.
 44
 45

46 = $\frac{\#DIV/0! + \$0}{1 - 0} + \frac{\#DIV/0!}{-0} \times \#DIV/0!$
 47
 48
 49 = #DIV/0!
 50
 51
 52

53 (a)+(b)+(c) Cost of Capital Rate = #DIV/0!
 54
 55

56 **14.1.9.2(a) A. Return and Associated Income Taxes shall equal the product of the Transmission Investment Base and the Cost of Capital Rate**

57
58
59

	Transmission		
	Investment		
60	Base	#DIV/0!	Schedule 6, page 1 of 2, Line 28
61			
	Cost of Capital		
62	Rate	#DIV/0!	Line 53
63			
	= Investment Return	<u> </u>	
64	and Income Taxes	<u> </u>	Line 60 X Line 62

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Transmission Expenses

Attachment 1
Schedule 9

Attachment H Section 14.1.9.2

Year

Line No.	(1) Total	(2) Allocation Factor	(3) = (1)*(2) Electric Allocated	(4) Allocation Factor	(5) = (3)*(4) Transmission Allocated	FERC Form 1/ PSC Report Reference for col (1)	Definition
<u>Depreciation Expense</u>							
1					\$0	FF1 336.7f	14.1.9.2.B. Transmission Related Depreciation Expense shall equal the sum of: (i) Depreciation Expense for Transmission Plant in Service, plus (ii) the product of Electric General Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Allocation Factor plus (iii) Common Plant Depreciation Expense multiplied by the Electric Wages and Salaries Allocation Factor, further multiplied by the Transmission Wages and Salaries Allocation Factor plus (iv) Intangible Electric Plant Depreciation Expense multiplied by the Transmission Wages and Salaries Factor plus (v) depreciation expense associated with the Wholesale Metering Investment.
2		100.0000%	\$0	13.0000% (c)	\$0	FF1 336.10f	
3		83.5000% (a)	\$0	13.0000% (c)	\$0	FF1 356.1	
4		100.0000%	\$0	13.0000% (c)	\$0	FF1 336.1f	
5					#DIV/0!	Workpaper 1	
6					#DIV/0!		
7							
8							
9							
10							
11							
12		100.0000%	\$0	#DIV/0! (d)	#DIV/0!	FF1 263.25i	14.1.9.2.C. Transmission Related Real Estate Tax Expense shall equal the electric Real Estate Tax Expenses multiplied by the Gross Transmission Plant Allocation Factor.
13							
14							
15							
16		#DIV/0! (b)	#DIV/0!	#DIV/0! (d)	#DIV/0!	FF1 117.58c	14.1.9.2.D. Transmission Related Amortization of Investment Tax Credits shall
17							equal the product of Amortization of Investment Tax Credits multiplied
18							by the Gross Electric Plant Allocation Factor and further multiplied by
19							the Gross Transmission Plant Allocation Factor.
20							
<u>Transmission Operation and Maintenance</u>							
21					\$0	FF1 321.112b	14.1.9.2.E. Transmission Operation and Maintenance Expense shall equal the sum of electric expenses as recorded in FERC Account Nos. 560, 562-574.
22					\$0	FF1 321.84-92b	
23					\$0		
24							
<u>Transmission Administrative and General</u>							
25							14.1.9.2.F. Transmission Related Administrative and General Expenses shall equal the product of electric Administrative and General Expenses, excluding the sum of Electric Property Insurance, Electric
26						FF1 323.197b	
27						FF1 323.185b	

28	less Pensions and Benefits (#926)					FF1 323.187b	Research and Development Expense and Electric Environmental Remediation Expense,
29	less: Research and Development Expenses (#930)	\$0				Workpaper 12	and 50% of the NYPSC Regulatory Expense
30	Less: 50% of NY PSC Regulatory Expense					50% of Workpaper 15	multiplied by the Transmission Wages and Salaries Allocation Factor,
31	Less: 18a Charges (Temporary Assessment)					Workpaper 15	
32	less: Environmental Remediation Expense	\$0				Workpaper 11	plus the sum of Electric Property Insurance multiplied by the Gross
33	Subtotal (Line 26-27-28-29-30-31-32)	\$0	100.0000 %	\$0	13.0000% (c)	\$0	Transmission Plant Allocation Factor, plus transmission-specific Electric
34	PLUS Property Insurance alloc. using Plant Allocation	\$0	100.0000 %	\$0	#DIV/0! (d)	#DIV/0!	Line 27
35	PLUS Pensions and Benefits	\$88,644,000	100.0000 %	\$88,644,000	13.0000% (c)	\$11,523,720	Workpaper 3
36	PLUS Transmission-related research and development	\$0				\$0	Workpaper 12
37	PLUS Transmission-related Environmental Expense	\$0				\$0	Workpaper 11
38	Total A&G (Line 33+34+35+36+37)	\$88,644,000		\$88,644,000		#DIV/0!	
39							and General Expenses shall exclude the actual Post-Employment Benefits Other than Pensions ("PBOP") included in FERC Account 926,
40	<u>Payroll Tax Expense</u>						and shall add back in the amounts shown on Workpaper 3, page 1,
41	Federal Unemployment					FF1 263.4i	or other amount subsequently approved by FERC under Section 205 or 206.
42	FICA					FF1 263.3i	14.1.9.2.G. Transmission Related Payroll Tax Expense shall equal the product of
43	State Unemployment					FF1 263.9i	electric Payroll Taxes multiplied by the Transmission Wages and Salaries Allocation Factor.
44	Total (Line 41+42+43)	\$0	100.0000 %	\$0	13.0000% (b)	\$0	

Allocation Factor Reference
(a) Schedule 5, line 1
(b) Schedule 5, line 32
(c) Schedule 5, line 3
(d) Schedule 5, line 19

Niagara Mohawk Power Corporation
Annual Revenue Requirements of Transmission Facilities
Billing Adjustments, Revenue Credits, Rental Income

Attachment 1
Schedule 10

Year

Attachment H Section
 14.1.9.2 (a)

Shading denotes an input

Line No.	Description	(1) Total	Source	Definition
1	Billing Adjustments			14.1.9.2.H. Billing Adjustments shall be any adjustments made in accordance with Section 14.1.9.4.4 below. () indicates a refund or a reduction to the revenue requirement on Schedule 1.
2				
3				
4	Bad Debt Expense	\$0	Workpaper 4	14.1.9.2.I. Transmission Related Bad Debt Expense shall equal
5				Bad Debt Expense as reported in Account 904 related to NMPC's wholesale transmission billing.
6				
7	Revenue Credits	\$0	Workpaper 5	14.1.9.2.J. Revenue Credits shall equal all Transmission revenue recorded in FERC account 456
8				excluding (a) any NMPC revenues already reflected in the WR, CRR, SR, ECR and Reserved
9				components in Attachment H of the NYISO TSC rate; (b) any revenues associated
10				with expenses that have been excluded from NMPC's revenue requirement; and (c) any
11				revenues associated with transmission service provided under this TSC rate, for which the
12				load is reflected in the calculation of BU.
13				
14	Transmission Rents	\$0	Workpaper 7	14.1.9.2.K. Transmission Rents shall equal all Transmission-related rental income recorded in FERC
15				account 454.615
16				
17				14.1.9.4(d)
18				1 Any changes to the Data Inputs for an Annual Update, including but not limited to
19				revisions resulting from any FERC proceeding to consider the Annual Update, or
20				as a result of the procedures set forth herein, shall take effect as of the beginning
21				of the Update Year and the impact of such changes shall be incorporated into the
22				charges produced by the Formula Rate (with interest determined in accordance
23				with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update
24				Year. This mechanism shall apply in lieu of mid-Update Year adjustments and
25				any refunds or surcharges, except that, if an error in a Data Input is discovered
26				and agreed upon within the Review Period, the impact of such change shall be
27				incorporated prospectively into the charges produced by the Formula Rate during
28				the remainder of the year preceding the next effective Update Year, in which case
29				the impact reflected in subsequent charges shall be reduced accordingly.
30				2 The impact of an error affecting a Data Input on charges collected during the

31
32
33
34
35
36

Formula Rate during the five (5) years prior to the Update Year in which the error was first discovered shall be corrected by incorporating the impact of the error on the charges produced by the Formula Rate during the five-year period into the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 38.19(a)) in the Annual Update for the next effective Update Year. Charges collected before the five-year period shall not be subject to correction.

(b)	List of Items excluded from the Revenue Requirement	Reason
-----	---	--------

Niagara Mohawk Power Corporation
System, Control, and Load Dispatch Expenses (CCC)
 Attachment H, Section
 14.1.9.5

The CCC shall equal the annual Scheduling, System Control and Dispatch Costs (i.e., the transmission component of control center costs) as recorded in FERC Account 561 and its associated sub-accounts using information from the prior calendar year, excluding NYISO system control and load dispatch expense already recovered under Schedule 1 of the NYISO Tariff.

Line No.	<u>Scheduling and Dispatch Expenses</u>			<u>Year</u>	<u>Source</u>
1	<u>Scheduling and Dispatch Expenses</u>				
2					
3	Accounts	561	Load Dispatching		FF1 321.84b
4	Accounts	561.1	Reliability		FF1 321.85b
5	Accounts	561.2	Monitor and Operate Transmission System		FF1 321.86b
6	Accounts	561.3	Transmission Service and Schedule		FF1 321.87b
7	Accounts	561.4	Scheduling System Control and Dispatch		FF1 321.88b
8	Accounts	561.5	Reliability, Planning and Standards Development		FF1 321.89b
9	Accounts	561.6	Transmission Service Studies		FF1 321.90b
10	Accounts	561.7	Generation Interconnection Studies		FF1 321.91b
11	Accounts	561.8	Reliability, Planning and Standards Dev. Services		FF1 321.92b
12					
13	Total Load Dispatch Expenses (sum of Lines 3 - 11)				Sum of Lines 3 - 11
14					
15	Less Account 561 directly recovered under Schedule 1 of the NYISO Tariff				
16					
17	Accounts	561.4	Scheduling System Control and Dispatch		Line 7
18	Accounts	561.8	Reliability, Planning and Standards Dev. Services		Line 11
19	Total NYISO Schedule 1				Line 17 + Line 18
20					
21	Total CCC Component				Line 13 - Line 19


Niagara Mohawk Power Corporation
Billing Units - MWH
 Attachment H, Section 14.1.9.6


BU shall be the total Niagara Mohawk load as reported to the NYISO for the calendar billing year prior to the Forecast Period, including the load for customers taking service under Niagara Mohawk's TSC Rate. The total Niagara Mohawk load will be adjusted to exclude (i) load associated with wholesale transactions being revenue credited through the WR, CRR, SR, ECR and Reserved components of Workpaper H of the NYISO TSC rate including Niagara Mohawk's external sales, load associated with grandfathered OATT agreements, and any load related to pre-OATT grandfathered agreements; (ii) load associated with transactions being revenue credited under Historical TRR Component J; and (iii) load associated with netted station service.













Line No.			<u>SOURCE</u>
1	Subzone 1		NIMO TOL (transmission owner load)
2	Subzone 2		NIMO TOL (transmission owner load)
3	Subzone 3		NIMO TOL (transmission owner load)
4	Subzone 4		NIMO TOL (transmission owner load)
5	Subzone 29		NIMO TOL (transmission owner load)
6	Subzone 31		NIMO TOL (transmission owner load)
7	Total NIMO Load report to NYISO	0.000	Sum of Lines 1-6
8	LESS: All non-retail transactions		
9	Watertown		FF1 page 329.10.j
10	Disputed Station Service		NIMO TOL (transmission owner load)
11	Other non-retail transactions		All other non-retail transactions (Sum of 300,000 series PTID's from TOL)
12	Total Deductions	0.000	Sum of Lines 9 - 11
13	PLUS: TSC Load		
14	NYMPA Muni's, Misc. Villages, Jamestown (X1)		FF1 page 329.17.j
15	NYPA Niagara Muni's (X2)		FF1 page 329.1.j
16	Total additions	0.000	Sum of Lines 14 -15
17	Total Billing Units	0.000	Line 7 - Line 12 + Line 16

Niagara Mohawk Power Corporation
Forecasted Accumulated Deferred Income Taxes (FADIT)

Attachment 1
Schedule 13
Page 1 of 1

 Shading denotes an input

Line No.	Description	Amount	
1	Transmission Related ADIT Balance at year-end		Schedule 7, Line 6, Column L
2	Less: Accumulated Deferred Inv. Tax Cr (255)		Schedule 7, Line 5, Column L
3	Net Transmission ADIT Balance at year-end (a)		Line 1 - Line 2
4			
5	Forecasted Transmission Related ADIT balance		Internal Records
6			
7	Change in ADIT		Line 5 - Line 3
8			
9	Monthly Change in ADIT		Line 7 / 12 Months
10			

	(A) Month	(B) Remaining Days	(C) = (B)/ Line 17 (B) IRS Proration %	(D) = Line 9 *(C) Prorated ADIT
11	Month 1		100.00%	-
12	Month 2		100.00%	-
13	Month 3		100.00%	-
14	Month 4		100.00%	-
15	Month 5		100.00%	-
16	Month 6		100.00%	-
17	Month 7		#DIV/0! %	-
18	Month 8		#DIV/0! %	-
19	Month 9		#DIV/0! %	-
20	Month 10		#DIV/0! %	-
21	Month 11		#DIV/0! %	-
22	Month 12		#DIV/0! %	-
23				
24	Total Prorated ADIT Change (Sum of 12 through 23)			\$ -

to Schedule 2, Line 22

(a) The balance in Line 1, Total Transmission ADIT
Balance at year-end, shall equal such ADIT that is subject
to the normalization rules prescribed
by the IRS and the net of the amounts recorded in
FERC Account Nos. 281-283 and 190.

-

14.2.2 NYPA Transmission Adjustment Charge (“NTAC”)

14.2.2.1 Applicability of the NYPA Transmission Adjustment Charge

Each Billing Period, the ISO shall charge, and each Transmission Customer shall pay, the applicable NYPA Transmission Adjustment Charge (“NTAC”) calculated in accordance with Section 14.2.2.2.1 of this Attachment. The NTAC shall apply to Transmission Service:

14.2.2.1.1 from one or more Interconnection Points between the NYCA and another Control Area to one or more Interconnection Points between the NYCA and another Control Area (“Wheels Through”); provided, however, that the NTAC shall not apply to Wheels Through scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or

14.2.2.1.2 from the NYCA to one or more Interconnection Points between the NYCA and another Control Area, including transmission to deliver Energy purchased from the LBMP Market and delivered to such a Control Area Interconnection (“Exports”); provided, however, that the NTAC shall not apply to Exports scheduled with the ISO to destinations within the New England Control Area provided that the conditions listed in Section 2.7.2.1.4 of this Tariff are satisfied; or

14.2.2.1.3 to serve Load within the NYCA.

In summary, the NTAC will be applied to all Energy Transactions, including internal New York State Loads and Wheels Through and Exports out of the NYCA at a uniform, non-discountable rate.

14.2.2.2 NTAC Calculation

14.2.2.2.1 NTAC Formula

NYPA shall calculate the NTAC applicable to Transmission Service to serve New York State Load, Wheels Through and Exports as follows:

$$\text{NTAC} = \{(\text{ATTR}_{\text{NTAC}} \div 12) - (\text{EA}) - (\text{IR} \div 12) - \text{SR} - \text{CRN} - \text{WR} - \text{ECR} - \text{NR} - \text{NT}\} / (\text{BU} \div 12)$$

Where:

$\text{ATTR}_{\text{NTAC}}$ = NYPA's Annual Transmission Revenue Requirement for costs not recoverable through project-specific transmission revenue requirements, which includes the Scheduling, System Control and Dispatch Costs of NYPA's control center, all as determined in accordance with the Formula Rate Template provided in Section 14.2.3.1 of this Attachment, and as reflected on SCH - Summary, line 11 of the Formula Rate Template;

EA = Monthly Net Revenues from Modified Wheeling Agreements, Facility Agreements and Third Party TWAs, and Deliveries to directly connected Transmission Customers;

$$\text{SR} = \text{SR}_1 + \text{SR}_2 + \text{SR}_3 + \text{SR}_4$$

SR_1 will equal the revenues from the Direct Sale by NYPA of Original Residual TCCs, and Grandfathered TCCs associated with ETAs, the expenses for which are included in NYPA's $\text{ATTR}_{\text{NTAC}}$ where NYPA is the Primary Holder of said TCCs. SR_1 for a month in which a Direct Sale is applicable shall equal the total nominal revenue that NYPA will receive under each applicable TCC sold in a Direct Sale divided by the duration of that TCC (in months).

SR_2 will equal NYPA's revenues from the Centralized TCC Auctions and Reconfiguration Auctions allocated pursuant to Attachment N; this includes revenues from: (a)

TCCs associated with Residual Transmission Capacity that are sold in the Centralized TCC Auctions and Reconfiguration Auctions; and (b) the sale of Grandfathered TCCs associated with ETAs, if the expenses for these ETAs are included in NYPA's $ATTR_{NTAC}$. The revenue that NYPA receives from a TCC sold in a Centralized Auction or Reconfiguration Auction will be divided equally among the month(s) for which the sold TCC is valid. For Balance of Period Auctions, the ISO shall provide NYPA information regarding its respective share of Net Auction Revenues for each month covered by each Balance-of-Period Auction.

Revenue from TCCs associated with Residual Transmission Capacity includes payments for Original Residual TCCs that the Transmission Owners sell through the Centralized TCC Auctions and the allocation of revenue for other TCCs sold through the Centralized TCC Auctions and Reconfiguration Auctions (per the Facility Flow-Based Methodology described in Attachment N);

SR_3 shall equal NYPA's share of revenues from the award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT), as determined pursuant to Section 20.4 of Attachment N. The share of revenues allocated to NYPA pursuant to Section 20.4 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that were awarded or renewed prior to the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to NYPA's share of any revenues for Historic Fixed Price TCCs that took effect on or before November 1, 2016, such revenues (or any portion thereof) shall be accounted for in SR_3 by dividing such revenues (or any portion thereof) equally across the six months of the

first Capability Period following the effective date of this provision provided that the NYISO has informed NYPA of its respective share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR₃ by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period following the effective date of this provision.

SR₄ shall equal NYPA's share of revenues from the initial award and renewal of Non-Historic Fixed Price TCCs, as determined pursuant to Section 20.5 of Attachment N. The share of revenues allocated to NYPA pursuant to Section 20.5 of Attachment N shall be adjusted after each Centralized TCC Auction and divided equally across the months for which the Non-Historic Fixed Price TCCs that were initially awarded or renewed as part of the relevant Centralized TCC Auction are valid. Notwithstanding anything to the contrary herein, with respect to NYPA's share of any revenues for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017, such revenues (or any portion thereof) shall be accounted for in SR₄ by dividing such revenues (or any portion thereof) equally across the six months of the first Capability Period that commences following the effective date of this provision provided that the NYISO has informed NYPA of its share of such revenues (or any portion thereof) at least two weeks prior to the start of such Capability Period, otherwise such revenues (or any remaining portion thereof) shall be accounted for in SR₄ by dividing such revenues (or any remaining portion thereof) equally across the six months of the Capability Period that follows the first Capability Period that commences following the effective date of this provision.

ECR = NYPA's share of Net Congestion Rents in a month, calculated pursuant to Attachment N. The computation of ECR is exclusive of any Congestion payments or Rents included in the CRN term;

CRN = Monthly Day-Ahead Congestion Rents in excess of those required to offset Congestion paid by NYPA's SENY governmental customers associated with the NYPA OATT Niagara/St. Lawrence Service reservations, net of the Initial Cost.

IR = A. The amount that NYPA will credit to its $ATRR_{NTAC}$ assessed to the SENY Load on account of the foregoing NYPA Niagara/St. Lawrence OATT reservations for SENY governmental customers. Such annual revenues will be computed as the product ("Initial Cost") of NYPA's current OATT system rate of \$2.23 per kilowatt per month and the 600 MW of TCCs (or the amount of TCCs reduced by Paragraph C below). In the event NYPA sells these TCCs (or any part thereof), all revenues from these sales will offset the NTAC and the Initial Cost will be concomitantly reduced to reflect the net amount of Niagara/St. Lawrence OATT Reservations, if any, retained by NYPA for the SENY Load. The parties hereby agree that the revenue offset to NTAC will be the greater of the actual sale price obtained by NYPA for the TCCs sold or that computed at the applicable system rate in accordance with Paragraph B below;

B. The system rate of \$2.23 per kilowatt per month will be benchmarked to the $ATRR_{NTAC}$ for NYPA transmission initially accepted by FERC ("Base Period $ATRR_{NTAC}$ ") for the purposes of computing the

Initial Cost. Whenever an amendment to the $ATTR_{NTAC}$ is accepted by FERC or the $ATTR_{NTAC}$ is updated pursuant to the procedures set forth in Section 14.2.3.2 of this Attachment (“Amended $ATTR_{NTAC}$ ”), the system rate for the purpose of computing the Initial Cost will be increased (or decreased) by the ratio of the Amended $ATTR_{NTAC}$ to the Base Period $ATTR_{NTAC}$ and the effect of Paragraph A on NTAC will be amended accordingly.

C. If prior to the Centralized TCC Auction all Grandfathered Transmission Service including NYPA's 600 MW Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers are found not to be feasible, then such OATT reservations will be reduced until feasibility is assured. A reduction, subject to a 200 MW cap on the total reduction as described in Attachment M, will be applied to the NYPA Niagara/St. Lawrence OATT reservations held on behalf of its SENY governmental customers.

WR = NYPA’s revenues from external sales (Wheels Through and Exports) not associated with Existing Transmission Agreements in Attachment L, Tables 1 and 2 and Wheeling revenues from OATT reservations extending beyond the start-up of the ISO;

NR = NYPA Reserved1 + NYPA Reserved2

NYPA Reserved1 will equal NYPA’s Congestion payments for a month received pursuant to Section 20.2.3 of Attachment N of this Tariff for NYPA’s RCRR TCCs.

NYPA Reserved₂ will equal the value that NYPA receives for the sale of RCRR TCCs in a month, with the value for each RCRR TCC sold divided equally over the month(s) for which that sold RCRR TCC is valid.

NT = The amount of actual NYPA transmission revenues minus NYPA's monthly revenue requirement.

BU = Annual Billing Units are New York State Loads and Loads associated with Wheels Through and Exports in megawatt-hours ("MWh").

The $ATTR_{NTAC}$ and SR will not include expenses for NYPA's purchase of TCCs or revenues from the sale of such purchased TCCs or from the collection of Congestion Rents for such TCCs.

The ECR, EA, SR, CRN, WR, NR, and NT shall be updated prior to the start of each month based on actual data for the calendar month prior to the month in which the adjustment is made (i.e., January actual data will be used in February to calculate the NTAC effective in March).

The NTAC shall be calculated as a \$/MWh charge and shall be applied to Actual Energy Withdrawals, except for Wheels Through and Exports in which case the NTAC shall be applied to scheduled Energy quantities. The NTAC shall not apply to scheduled quantities that are Curtailed by the ISO.

14.2.2.2.3

NYPA's recovery of capital expenditure pursuant to NTAC is subject to limitations set forth in Section 14.2.3.2.7 of this Attachment H. NYPA may also invest in transmission facilities outside the NTAC recovery mechanism. In that case, NYPA cannot recover any expenses or return associated with such additions under NTAC and any TCC or other revenues associated

with such additions will not be considered NYPA transmission revenue for purposes of developing the NTAC nor be used as a credit in the allocation of NTAC to transmission system users.

14.2.2.3 Filing and Posting of NTAC

NYPA shall coordinate with the ISO to update certain components of the NTAC formula on a monthly or Capability Period basis. NYPA may update the NTAC calculation to change the $ATTR_{NTAC}$, initially approved by FERC, and such updates shall be submitted to FERC each year as part of NYPA's informational filing pursuant to Section 14.2.3.2.6 of this Attachment. An integral part of the agreement between the other Member Systems and NYPA is NYPA's consent to the submission of its $ATTR_{NTAC}$ for FERC review and approval on the same basis and subject to the same standards as the Revenue Requirements of the Investor-Owned Transmission Owners. Each January, beginning with January 2001, the ISO shall inform NYPA of the prior year's actual New York internal Load requirements and the actual Wheels Through and Exports and shall post this information on the OASIS. NYPA shall change the BU component of the NTAC formula to reflect the prior calendar year's information, with such change to take effect beginning with the March NTAC of the current year. NYPA will calculate the monthly NTAC and provide this information to the ISO by no later than the fourteenth day of each month, for posting on the OASIS to become effective on the first day of the next calendar month.

Beginning with LBMP implementation, the monthly NTAC shall be posted on the OASIS by the ISO no later than the fifteenth day of each month or as soon thereafter as is reasonably possible but in no event later than the 20th of the month to become effective on the first day of the next calendar month.

14.2.2.4 NTAC Calculation Information

NYPA's $ATTR_{NTAC}$ for facilities owned as of January 31, 1997, and Annual Billing

Units (BU) of the NTAC are:

$$ATTR_{NTAC} = \$165,449,297$$

$$BU = 133,386,541\text{MWh}$$

NYPA's $ATTR_{NTAC}$ is subject to FERC review because it is collected through the ISO's jurisdictional rates, and will be filed, together with any project-specific revenue requirements, with the Commission each year for informational purposes pursuant to Section 14.2.3.2.6 of this Attachment.

14.2.2.5 Billing

The New York State Loads, Wheels Through, and Exports will be billed based on the product of: (i) the NTAC; and (ii) the Customer's billing units for the Billing Period. The billing units will be based on the metered energy for all Transactions to supply Load in the NYCA during the Billing Period, and hourly Energy schedules for the Billing Period for all Wheels Through and Exports.

Exhibit No. PA-102, INDEX

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NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT**

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Work Paper-AG	PROPERTY INSURANCE ALLOCATION
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Work Paper-AI	PROPERTY INSURANCE ALLOCATOR
Work Paper-BA	DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)
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Work Paper-BC	PLANT IN SERVICE DETAIL
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Work Paper-BF	GENERATOR STEP-UP TRANSFORMERS BREAKOUT
Work Paper-BG	RELICENSING/RECLASSIFICATION EXPENSES
Work Paper-BH	ASSET IMPAIRMENT
Work Paper-BI	COST OF REMOVAL
Work Paper-CA	MATERIALS AND SUPPLIES
Work Paper-CB	ESTIMATED PREPAYMENTS AND INSURANCE
Work Paper-DA	WEIGHTED COST OF CAPITAL
Work Paper-DB	LONG-TERM DEBT AND RELATED INTEREST
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Work Paper-AR-BS	STATEMENT OF NET POSITION
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Work Paper-Reconciliations	RECONCILIATIONS BETWEEN ANNUAL REPORT & ATRR

Exhibit No. PA-102, SCH - Summary

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

TRANSMISSION REVENUE REQUIREMENT SUMMARY

<u>Line No.</u>	<u>A. OPERATING EXPENSES</u>	<u>TOTAL \$</u> (1)	<u>SOURCE/COMMENTS</u> (2)
1	Operation & Maintenance Expense	-	Schedule A1, Col 5, Ln 17
2	Administration & General Expenses	-	Schedule A2, Col 5, Ln 22
3	Depreciation & Amortization Expense	-	Schedule B1, Col 6, Ln 26
4	TOTAL OPERATING EXPENSE	-	Sum lines 1, 2, & 3
5	<u>B. RATE BASE</u>	-	Schedule C1, Col 5, Ln 10
6	Return on Rate Base	-	Schedule C1, Col 7, Ln 10
6a	Total Project Specific Return Adjustmnet	-	Schedule D2, Col 3, Ln A
7	TOTAL REVENUE REQUIREMENT	-	Line 4 + Line 6 + Line 6a
8	Incentive Return	-	Schedule F1, page 2, line 2, col. 13
9	True-up Adjustment	-	Schedule F3, page 1, line 3, col. 10
10	NET ADJUSTED REVENUE REQUIREMENT	-	Line 7 + line 8 + line 9
Breakout by Project			
11	NTAC Facilities	-	Schedule F1, page 2, line 1a, col. 16
11a	Project 1 - Marcy South Series Compensation	-	Schedule F1, page 2, line 1b, col. 16
11b	Project 2 - AC Project Segment A	-	Schedule F1, page 2, line 1c, col. 16
11c	-	-	-
...	-	-	-
12	Total Break out	-	Sum lines 11

Note 1 The revenue requirements shown on lines 11 and 11a et seq. and annual revenue requirements. If the first year is a partial year, 1/12 of the amounts should be recovered for every month of the Rate Year.



**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE A1
OPERATION & MAINTENANCE EXPENSE SUMMARY (\$)**

<u>Line No.</u>	<u>FERC Account</u> (1)	<u>FERC Account Description</u> (2)	<u>Source</u> (3)	<u>Total</u> (4)	<u>Grand Total</u> (5)	<u>NYP Form 1 Equivalent</u> (6)
Transmission:						
		OPERATION:				
1	560	Supervision & Engineering	WP-AA, Col (5)	-		Page 321 line 83
2	561	Load Dispatching	WP-AA, Col (5)	-		Page 321 lines 85-92
3	562	Station Expenses	WP-AA, Col (5)	-		Page 321 line 93
4	566	Misc. Trans. Expenses	WP-AA, Col (5)	-		Page 321 line 97
5		Total Operation	(sum lines 1-4)	-		
		MAINTENANCE:				
6	568	Supervision & Engineering	WP-AA, Col (5)	-		Page 321 line 101
7	569	Structures	WP-AA, Col (5)	-		Page 321 line 102-106
8	570	Station Equipment	WP-AA, Col (5)	-		Page 321 line 107
9	571	Overhead Lines	WP-AA, Col (5)	-		Page 321 line 108
10	572	Underground Lines	WP-AA, Col (5)	-		Page 321 line 109
11	573	Misc. Transm. Plant	WP-AA, Col (5)	-		Page 321 line 110
12		Total Maintenance	(sum lines 6-11)	-		
13		TOTAL O&M TRANSMISSION	(sum lines 5 & 12)		-	
		Adjustments (Note 2)				
14		Step-up Transformers	WP-AC, Col (1) line 5		-	
15		FACTS (Note 1)	WP-AD, Col (1) line 5		-	
16		Microwave Tower Rental Income	WP-AE, Col (3) line 2		-	
17		TOTAL ADJUSTED O&M TRANSMISSION	(sum lines 13-16)		-	

Note 1 Flexible Alternating Current Transmission System device

Note 2 Revenues that are credited in the NTAC are not revenue credited here.

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE A2
ADMINISTRATIVE AND GENERAL EXPENSES**

FERC Line No.	Account (1)	FERC Account Description (2)	Source (2)	Unallocated A&G (\$) (3)	Transmission Labor Ratio (4)	Allocated to Transmission (\$) (5)	Source/Comments (6)	NYPA Form 1 Equivalent (7)
Administrative & General Expenses								
1	920	A&G Salaries	WP-AA, Col (5)	-				Page 323 line 181
2	921	Office Supplies & Expenses	WP-AA, Col (5)	-				Page 323 line 182
3	922	Admin. Exp. Transferred-Cr	WP-AA, Col (5)	-				Page 323 line 183
4	923	Outside Services Employed	WP-AA, Col (5)	-				Page 323 line 184
5	924	Property Insurance	WP-AA, Col (5)	-		-	See WP-AG; Col (3) ,Ln 4	Page 323 line 185
6	925	Injuries & Damages Insurance	WP-AA, Col (5)	-		-	See WP-AH; Col (3) ,Ln 4	Page 323 line 186
7	926	Employee Pensions & Benefits	WP-AA, Col (5)	-				Page 323 line 187
8	928	Reg. Commission Expenses	WP-AA, Col (5)	-		-	See WP-AA; Col (3), Ln 2x	Page 323 line 189
9	930	Obsolete/Excess Inv	WP-AA, Col (5)	-				Page 323 line 190.5
10	930.1	General Advertising Expense	WP-AA, Col (5)	-				Page 323 line 191
11	930.2	Misc. General Expenses	WP-AA, Col (5)	-				Page 323 line 192
12	930.5	Research & Development	2/	-		-	2/	Page 323 line 192.5
13	931	Rents	WP-AA, Col (5)	-				Page 323 line 193
14	935	Maint of General Plant A/C 932	WP-AA, Col (5)	-				Page 323 line 196
15		TOTAL	(sum lines 1-14)	-				
16		Less A/C 924	Less line 5	-				Page 323 line 185
17		Less A/C 925	Less line 6	-				Page 323 line 186
18		Less EPRI Dues	1/	-				
19		Less A/C 928	Less line 8	-				Page 323 line 189
20		Less A/C 930.5	Less line 12	-			3/	
21		PBOP Adjustment	WP-AF	-				
22		TOTAL A&G Expense	(sum lines 16 to 21)	-	-	-	- Allocated based on transmission labor allocator (Schedule E1)	
23		NET A&G TRANSMISSION EXPENSE	(sum lines 1 to 22)			-		

1/ NYPA does not pay EPRI dues

2/ Column 5 is populated as 0 (zero) for data pertaining to calendar years ____ and 2015. It is populated as a sum of Transmission R&D Expense [Workpaper WP-AA Col (3) ln(2ab)] plus the portion of Admin & General allocated to transmission [Workpaper WP-AA Col (4) ln (2ab) multiplied by Workpaper E1-Labor Ratio Col (3) ln (2)] for data pertaining to calendar years 2016 and later.

3/ Populated as 0 (zero) for data pertaining to calendar years ____ and 2015. Populated as WP-AA Col (3) for data pertaining to calendar years 2016 and later.



Exhibit No. PA-102, SCH-B1

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE B1
ANNUAL DEPRECIATION AND AMORTIZATION EXPENSES (\$)**

<u>Line No.</u>	<u>FERC Account</u>	<u>FERC Account Description</u>	<u>Source</u> (1)	<u>Transmission</u> (2)	<u>General Plant</u> (3)	<u>Transmission Labor Ratio (%)</u> (4)	<u>General Plant Allocated to Transm. Col (3)*(4)</u> (5)	<u>Total Annual Depreciation Col (2)+(5)</u> (6)
1	352	Structures & Improvements	WP-BA, Col (4)	-				
2	353	Station Equipment	WP-BA, Col (4)	-				
3	354	Towers & Fixtures	WP-BA, Col (4)	-				
4	355	Poles & Fixtures	WP-BA, Col (4)	-				
5	356	Overhead Conductors & Devices	WP-BA, Col (4)	-				
6	357	Underground Conduit	WP-BA, Col (4)	-				
7	358	Underground Conductors & Devices	WP-BA, Col (4)	-				
8	359	Roads & Trails	WP-BA, Col (4)	-				
9		Unadjusted Depreciation		-				
10	390	Structures & Improvements	WP-BA, Col (4)		-			
11	391	Office Furniture & Equipment	WP-BA, Col (4)		-			
12	392	Transportation Equipment	WP-BA, Col (4)		-			
13	393	Stores Equipment	WP-BA, Col (4)		-			
14	394	Tools, Shop & Garage Equipment	WP-BA, Col (4)		-			
15	395	Laboratory Equipment	WP-BA, Col (4)		-			
16	396	Power Operated Equipment	WP-BA, Col (4)		-			
17	397	Communication Equipment	WP-BA, Col (4)		-			
18	398	Miscellaneous Equipment	WP-BA, Col (4)		-			
19	399	Other Tangible Property	WP-BA, Col (4)		-			
20		Unadjusted General Plant Depreciation			-			
		Adjustments						
21		Capitalized Lease Amortization	Schedule B2, Col 4, line 14	-				
22		FACTS	Schedule B2, Col 4, line 13	-				
23		Windfarm	Schedule B2, Col 4, line 11	-				
24		Step-up Transformers	Schedule B2, Col 4, line 12	-				
25		Relicensing Reclassification	WP-BG, Col 4		-			
26		TOTAL	(Sum lines 1-25)	-	-	- 1/	-	-

1/ See Schedule-E1, Col (3), Ln 2

NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31,

SCHEDULE B2
ADJUSTED PLANT IN SERVICE

Line in No.	Description	Source	Plant in Service (p. 204-207 column (g))	Depreciation (p.219)	Plant in Accumulated		Plant in Service - Net (\$)	Depreciation Expense (\$)	Average		Depreciation Expense (\$)	Plant Service (\$)
					(1)	(2)			(3)	(4)		
NYPA Form 1 Equivalent												
PRODUCTION												
1	Production - Land	WP-BC	In. 8 + In. 27 + In. 37		-	-	-	-	-	-	-	-
2	Production - Hydro	WP-BC	In. 35 - In. 27	In. 22 - Cost of Removal 5/	-	-	-	-	-	-	-	-
3	Production - Gas Turbine / Combined Cycle	WP-BC	In. 16 + In. 45 + In. 100.5 - In. 8 - In. 37	In. 20 + In. 23	-	-	-	-	-	-	-	-
4					-	-	-	-	-	-	-	-
TRANSMISSION												
5	Transmission - Land	WP-BC	In. 48		-	-	-	-	-	-	-	-
6	Transmission	WP-BC	In. 58 + In. 100.6 - In. 48	In. 24 - Cost of Removal 5/	-	-	-	-	-	-	-	-
7					-	-	-	-	-	-	-	-
8	Transmission - Cost of Removal 1/	WP-BC			-	-	-	-	-	-	-	-
9	Excluded Transmission 2/	WP-BB			-	-	-	-	-	-	-	-
<u>Adjustments to Rate Base</u>												
10	Transmission - Asset Impairment	WP-BC			-	-	-	-	-	-	-	-
11	Windfarm	WP-BC			-	-	-	-	-	-	-	-
12	Generator Step-ups	WP-BF			-	-	-	-	-	-	-	-
13	FACTS	WP-BE			-	-	-	-	-	-	-	-
14	Marcy South Capitalized Lease 3/				-	-	-	-	-	-	-	-
15	Total Adjustments				-	-	-	-	-	-	-	-
16					-	-	-	-	-	-	-	-
17	Net Adjusted Transmission				-	-	-	-	-	-	-	-
GENERAL												
18	General - Land	WP-BC	In. 86		-	-	-	-	-	-	-	-
19	General	WP-BC	In. 99 - In. 86	In. 27 - Cost of Removal 5/	-	-	-	-	-	-	-	-
20			In. 99		-	-	-	-	-	-	-	-
<u>Adjustments to Rate Base</u>												
21	General - Asset Impairment				-	-	-	-	-	-	-	-
22	General - Cost of Removal	WP-BC			-	-	-	-	-	-	-	-
23	Relicensing	WP-BG			-	-	-	-	-	-	-	-



24	Excluded General	4/	WP-BC	-	-	-	-	-	-	-	-
24	Total Adjustments			-	-	-	-	-	-	-	-
25	Net Adjusted General Plant			-	-	-	-	-	-	-	-

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Notes

- 1/ Cost of Removal: Bringing back to accumulated depreciation cost of removal which was reclassified to regulatory liabilities in annual report.
- 2/ Excluded Transmission: Assets not recoverable under ATRR, FERC Accounts 350 and 352-359 for 500 MW, AEII, Poletti, SCPPs, Small Hydro, and Flynn. 3/ Marcy South Capitalized Lease amount is added separately to the Rate Base.
- 4/ Excluded General: Assets not recoverable under ATRR, FERC Accounts 389-399 for 500 MW, AEII, Poletti, SCPPs, Small Hydro, and Flynn. SCPPs include Brentwood, Gowanus, Harlem River, Hell Gate, Kent, Pouch and Vernon. Small Hydro includes Ashokan, Crescent, Jarvis and Vischer Ferry.
- 5/ The difference between the Accumulated Depreciation contained in the NYPA Form 1 Equivalent and the amount contained here is equal to the Cost of Removal.

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Exhibit No. PA-102, SCH-B3

Schedule B3 - Depreciation and Amortization Rates

NEW YORK POWER AUTHORITY

Based on Plant Data Year Ending December 31, 2015 (as filed with FERC in 2017 and as modified by settlement filed in Docket Nos. EL17-67, et al.)

Line No.	FERC Account	FERC Account Description	Rate (Annual) Percent 1/								New Project
			Headquarters	St. Lawrence/FDR	Niagara	Blenheim-Gilboa	J. A. FitzPatrick	Massena-Marcy	Marcy-South	Long Island Sound Cable 2/	
TRANSMISSION PLANT											
1	350	Land Rights									
2	352	Structures and Improvements		1.34%	1.22%	1.05%		1.30%		3.33%	1.60%
3	353	Station Equipment		1.51%	1.62%	1.75%		1.48%	1.55%	3.33%	1.87%
4	354	Towers and Fixtures		3.20%	2.04%	1.72%	1.06%	1.89%	2.04%		2.06%
5	355	Poles and Fixtures		2.22%	1.98%	1.30%		1.45%	1.77%		2.06%
6	356	Overhead Conductor and Devices		2.50%	1.95%	1.36%	0.97%	2.14%	1.74%		1.88%
7	357	Underground Conduit		0.18%					1.23%	3.33%	1.40%
8	358	Underground Conductor and Devices		0.17%					1.29%	3.33%	1.75%
9	359	Roads and Trails		0.55%	0.28%	0.64%	0.13%	0.73%	0.90%		1.00%
GENERAL PLANT											
10	390	Structures & Improvements	1.14%	1.45%	0.97%	1.50%		1.34%		3.45%	1.67%
11	391	Office Furniture & Equipment	5.56%	5.56%	5.56%	5.56%		5.56%		9.08%	5.56%
12	391.2	Computer Equipment 5 yr	20.00%	20.00%	20.00%	20.00%		20.00%			20.00%
13	391.3	Computer Equipment 10 yr	10.00%	10.00%	10.00%	10.00%		10.00%			10.00%
14	392	Transportation Equipment	2.56%	4.49%	2.96%	5.03%		4.48%		13.04%	10.00%
15	393	Stores Equipment		2.65%	3/	3.21%		3.33%		3.15%	3.33%
16	394	Tools, Shop & Garage Equipment	2.88%	6.45%	4.14%	3.67%		1.20%		4.94%	5.00%
17	395	Laboratory Equipment	4.82%	5.48%	1.57%	2.30%		1.52%		4.43%	5.00%
18	396	Power Operated Equipment		5.47%	6.51%	7.23%		4.81%	3/	9.33%	8.33%
19	397	Communication Equipment	6.67%	6.67%	6.67%	6.67%		6.67%	6.67%	6.63%	6.67%
20	398	Miscellaneous Equipment 4/	0.002%	11.04%	0.86%	3.67%		0.02%		5.94%	5.00%
21		5 Year Property	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
22		10 Year Property	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
23		20 Year Property	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
24	399	Other Tangible Property		6.67%	6.67%	6.67%					6.67%
INTANGIBLE PLANT											
25	303	Miscellaneous Intangible Plant									
26		5 Year Property	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
27		7 Year Property	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%	14.29%
28		10 Year Property	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
29		Transmission facility Contributions in Aid of Construction	5/								

Notes:

- 1/ Where no depreciation rate is listed for a transmission or general plant account for a particular project (other than the Long Island Sound Cable), NYPA lacks depreciable plant as of 12/31/2015 (or all plant has been fully depreciated). If new plant corresponding to these accounts is subsequently added for the relevant projects, the "New Project" depreciation rate for the relevant account will apply.
- 2/ This schedule does not contain updated depreciation rates for the Long Island Sound Cable, an asset not included in the NYPA Depreciation Study filed at FERC in 2017. NYPA recovers the cost of the cable from the Long Island Power Authority through debt service, and consistent with past practice NYPA uses a 30-year depreciable life for the cable based on the 30-year term of the bonds purchased to construct the facility in 1991.
- 3/ Fully accrued. If plant added to Marcy-South Account 396, 8.33% rate applies; if plant added to Niagara Account 393, 3.33% rate applies. 4/ For Headquarters Account 398, plant nearly fully accrued. If plant is added to this account, 5.00% rate applies.
- 5/ In the event a Contribution in Aid of Construction (CIAC) is made for a transmission facility, the transmission depreciation rates above will be weighted based on the relative amount of underlying plant booked to the accounts shown in lines 1-9 above and the weighted average depreciation rate will be used to amortize the CIAC. The life of a facility subject to a CIAC will be equivalent to the depreciation rate calculated above, i.e., 100% ÷ depreciation rate = life in years. The estimated life of the facility or rights associated with the facility will not change over the life of a CIAC without prior FERC approval.

These depreciation rates will not change absent the appropriate filing at FERC.



Exhibit No. PA-102, SCH-C1

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE C1
TRANSMISSION - RATE BASE CALCULATION**

<u>RATE BASE</u>	<u>TRANSMISSION PLANT (\$)</u> (1)	<u>TOTAL GENERAL PLANT (\$)</u> (2)	<u>TRANSM. LABOR RATIO</u> [Schedule E1] (3)	<u>GENERAL PLANT ALLOCATED TO TRANSMISSION (\$)</u> (2) * (3) (4)	<u>TOTAL TRANSMISSION (\$)</u> (1) + (4) (5)	<u>RATE OF RETURN</u> [Schedule D1] (6)	<u>RETURN ON RATE BASE</u> (5) * (6) (7)
1 A) Net Electric Plant in Service	- 1/	- 2/	-	-	-		
2 B) Rate Base Adjustments							
3 * Cash Working Capital (1/8 O&M)	- 3/				-		
4 * Marcy South Capitalized Lease	- 4/				-		
5 * Materials & Supplies	- 5/		-		-		
6 * Prepayments	- 6/		-		-		
7 * CWIP	- 7/						
8 * Regulatory Asset	- 7/						
9 * Abandoned Plant	- 7/						
10 TOTAL (sum lines 1-9)	-	-	-	-	-	-	-

1/ Schedule B2; Net Electric Plant in Service; Ln 17

2/ Schedule B2; Net Electric Plant in Service; Ln 25

3/ 1/8 of (Schedule A1; Col 5, Ln 17 + Schedule A2; Col 5, Ln 22) [45 days] 4/

WP-BD; Average of Year-end Unamortized Balances, Col 5

5/ Average of year-end inventory Materials & Supplies (WP-CA). NYPA Form 1 Equivalent, page 227, Ln 12, average of columns b and c. 6/ WP-

CB; Col 3, Ln 3

Docket Number	Authorized Amount

7/ CWIP, Regulatory Asset and Abandoned Plant are zero until an amount is authorized by FERC as shown below. CWIP amount is shown in the NYPA Form 1 Equivalent, page 216, line 1



**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE D1
CAPITAL STRUCTURE AND COST OF CAPITAL**

<u>Line No.</u>	<u>TITLE</u>	<u>CAPITALIZATION RATIO from WP-DA 1/ (1)</u>	<u>COST RATE from WP-DA 2/ (2)</u>	<u>WEIGHTED AVERAGE (3)</u>	<u>SOURCE/COMMENTS (4)</u>
1	LONG-TERM DEBT	0.00%	-	-	Col (1) * Col (2)
2	<u>COMMON EQUITY</u>	<u>0.00%</u>	9.45%	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	0.00%		-	Col (3); Ln (1) + Ln (2)

Notes

- 1/ The Common Equity share listed in Col (1) is capped at 50%. The cap may only be changed pursuant to an FPA Section 205 or 206 filing to FERC. The Long-Term Debt share is calculated as 1 minus the Common Equity share.
- 2/ The ROE listed in Col (2) Ln (2) is the base ROE plus 50 basis-point incentive for RTO participation. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.

Exhibit No. PA-102, SCH-D2

NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____

SCHEDULE D2
PROJECT SPECIFIC CAPITAL STRUCTURE AND COST OF CAPITAL 3/

<u>Line No.</u>	<u>TITLE</u>	<u>CAPITALIZATION RATIO from WP-DA (1)</u>	<u>COST RATE from WP-DA (2)</u>	<u>WEIGHTED AVERAGE (3)</u>	<u>SOURCE/COMMENTS (4)</u>
Project 1 - Marcy South Series Compensation - Capital Structure					
1	LONG-TERM DEBT	- 1/	-	-	Col (1) * Col (2)
2	<u>COMMON EQUITY</u>	- 1/	9.45% 2/	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	-		-	Col (3); Ln (1) + Ln (2)
4	PROJECT NET PLANT			-	
5	PROJECT BASE RETURN			-	Col (3) Ln (4) * WP-DA Col (7) Ln (4)
6	PROJECT ALLOWED RETURN			-	Col (3); Ln (3) * Ln (4)
1A	PROJECT SPECIFIC RETURN ADJUSTMENT			-	Col (3); Ln (6) - Ln (5)
Project 2 - AC Project Segment A - Capital Structure 4/					
1	LONG-TERM DEBT	-	-	-	Col (1) * Col (2)
2	<u>COMMON EQUITY</u>	-	9.95%	-	Col (1) * Col (2)
3	TOTAL CAPITALIZATION	-		-	Col (3); Ln (1) + Ln (2)
4	PROJECT NET PLANT			-	
5	PROJECT BASE RETURN			-	Col (3) Ln (4) * WP-DA Col (7) Ln (4)
6	PROJECT ALLOWED RETURN			-	Col (3); Ln (3) * Ln (4)
2B	PROJECT SPECIFIC RETURN ADJUSTMENT			-	Col (3); Ln (6) - Ln (5)
Project X					
	A Total Project Adjustments			-	

Notes

- 1/ The MSSC Common Equity share listed in Col (1) is capped at 53%. The cap may only be changed pursuant to an FPA Section 205 or 206 filing to FERC. The MSSC Long-Term Debt share is calculated as 1 minus the Common Equity share.
- 2/ The MSSC ROE listed in Col (2) Ln (2) is the base ROE plus 50 basis-point incentive Congestion Relief Adder. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.

3/ Additional project-specific capital structures added to this Schedule D2 must be approved by FERC. The cost of long-term debt and common equity for any such project shall reflect the cost rates in Col (2), Lns (1) and (2) unless a different cost rate is approved by FERC.

4/ The AC Project Segment A cost containment impacts, if any, will be computed on a workpaper and provided as supporting documentation for each applicable Annual Update consistent with the NYPA Protocols. The ROE listed in Col (2) for AC Project Segment A consists of a 50 basis point ROE Risk Adder per the Commission's approval in Docket No. EL19-88, added to the 9.45% ROE applicable to NYPA's other transmission assets. See Schedule D1 and Project 1, above.



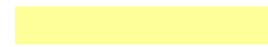






Exhibit No. PA-102, SCH-E1

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**SCHEDULE E1
LABOR RATIO**

Line		LABOR AMOUNT (\$)		ALLOCATED TO	SOURCE/	
No.	DESCRIPTION	From WP-EA (1)	RATIO (2)	TRANSMISSION (3)	COMMENTS (4)	NYP Form 1 Equivalent (5)
1	PRODUCTION	-	-			Page 354 lines 17, 20, 24
2	TRANSMISSION	-	-	-	Col (1); Ln (2) / Ln (3)	Page 354 line 21
3	TOTAL LABOR	-	-			

Exhibit No. PA-102, SCH-F1

Schedule F1

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YEAR ENDING DECEMBER 31, ____

**Line
No.**

Item

Page, Line, Col.
(1)

Transmission (\$)
(2)

Allocator
(3)

1 Gross Transmission Plant - Total

Schedule B2, line 17, col 9 (Note A)

-

1a	Transmission Accumulated Depreciation	Schedule B2, line 17, col 10	-	
1b	Transmission CWIP, Regulatory Asset and Abandoned Plant	Schedule C1, lines 7, 8, & 9 (Note B)	-	
2	Net Transmission Plant - Total	Line 1 minus Line 1a plus Line 1b	-	
O&M TRANSMISSION EXPENSE				
3	Total O&M Allocated to Transmission	Schedule A1, line 17, col 5 and Schedule A2, line 22, Col 5	-	
GENERAL DEPRECIATION EXPENSE				
5	Total General Depreciation Expense	Schedule B1 line 26, col 5	-	
6	Annual Allocation Factor for Expenses	((line 3 + line 5) divided by line 1, col 2)	-	-
RETURN				
7	Return on Rate Base	Schedule C1 line 10, col 7	-	
8	Annual Allocation Factor for Return on Rate Base	(line 7 divided by line 2 col 2)	-	-

Exhibit PA-102, SCH-F1 Page 2 of 2

Schedule F1
Project Revenue Requirement Worksheet
NEW YORK POWER AUTHORITY

(14)	(1)	(2) (14a)	(3) (15)	(4) (16)	(5) (17)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ROJECT													
PECIFIC													
Annual Line		Project Gross Plant Revenue	Project Accumulated True-Up	Annual Allocation Requirement	Annual Allocation	Project Net Plant	Annual Allocation	Annual Return Charge (\$)	Project Depreciation/Net Revenue	CAPITAL Annual Revenue	Incentive Return	STRUCTURE AND COST OF	Total
No. (\$)	Project Name and # Discount	Type CAPITAL	Depreciation (\$) Adjustment (\$)	Factor for Expenses (\$)	for Expenses (\$)	(\$)	for Return		Expense (\$)	Requirement (\$)	basis Points	Incentive Return	
			(Note C)	Page 1 line 6 (Note I)	Col. 3 * Col. 5 Schedule D2	(Note D) + 14 +14a	(Page 1, line 8) (Note F)	(Col. 7 * Col. 8) 16	(Note E)	(Sum Col. 6, 9 & 10)	Per FERC order (Note (Sum Col. 11 H)	(Schedule F2, Line 10 * (Col. 12/100) + 13 Sum Col. 15 + Col.	
7)													
1a	NTAC Facilities	-	-	-	-	-	-	-	-	-	-	-	-
1b		-	-	-	-	-	-	-	-	-	-	-	-
1c		-	-	-	-	-	-	-	-	-	-	-	-
1d		-	-	-	-	-	-	-	-	-	-	-	-
1e		-	-	-	-	-	-	-	-	-	-	-	-
1f		-	-	-	-	-	-	-	-	-	-	-	-
1g		-	-	-	-	-	-	-	-	-	-	-	-
1h		-	-	-	-	-	-	-	-	-	-	-	-
1i		-	-	-	-	-	-	-	-	-	-	-	-
1j		-	-	-	-	-	-	-	-	-	-	-	-
1k		-	-	-	-	-	-	-	-	-	-	-	-
1l		-	-	-	-	-	-	-	-	-	-	-	-
1m		-	-	-	-	-	-	-	-	-	-	-	-
1n		-	-	-	-	-	-	-	-	-	-	-	-
1o		-	-	-	-	-	-	-	-	-	-	-	-
2	Total	-	-	-	-	-	-	-	-	-	-	-	-

Note Letter

A Gross Transmission Plant that is included on Schedule B2, Ln 17, Col 5.

B Inclusive of any CWIP, Unamortized Regulatory Asset or Unamortized Abandoned Plant balances included in rate base when authorized by FERC order.

C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in page 1, line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities. Gross plant does not include CWIP, Unamortized Regulatory Asset or Unamortized Abandoned Plant.

D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation in page 2, column 4. Net Plant includes any FERC approved CWIP, Unamortized Abandoned Plant and Regulatory Asset. E Project Depreciation Expense is the amount in Schedule B1, Ln 26, Col. 2 that is associated with the specified project. Project Depreciation Expense includes the amortization of Abandoned Plant and any FERC approved Regulatory Asset.

F However, if FERC grants accelerated depreciation for a project the depreciation rate authorized by FERC will be used instead of the rates shown on Schedule B3 for all other projects.

F Reserved

G The Total General and Common Depreciation Expense excludes any depreciation expense directly associated with a project and thereby included in page 2 column 8.

H Requires approval by FERC of incentive return applicable to the specified project(s). A negative number of basis points may be entered to reduce the ROE applicable to a project if a FERC order specifies a lower return for that project.

I The discount is the reduction in revenue, if any, that NYPA agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate



Exhibit No. PA-102, SCH-F2

Schedule F2 Incentives NEW YORK POWER AUTHORITY YEAR ENDING DECEMBER 31, ____						
Line No.	Item	Reference			\$	
1	Rate Base	Schedule C1, line 10, Col. 5				-
2	100 Basis Point Incentive Return				\$	
			%	Cost	Weighted Cost	
3	Long Term Debt	(Schedule D1, line 1)	-	-	-	
4	Common Stock	(Schedule D1, line 2)		0.1045	-	
5	Total (sum lines 3-4)				-	
6	100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 5)					-
7	Return	(Schedule C1, line 10, Col. 7)				-
8	Incremental Return for 100 basis point increase in ROE					-
9	Net Transmission Plant					-
10	Incremental Return for 100 basis point increase in ROE divided by Rate Base					-

Notes:

A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any actual incentive is calculated on Schedule F1 and must be approved by FERC. For example, if FERC were to grant a 137 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 137 on Schedule F1, Col. 13.



Exhibit No. PA-102, SCH-F3

Schedule F3 Project True-Up Incentives									
YEAR ENDING DECEMBER 31, ____									
(\$)									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Line No.	Project Name	NTAC ATRR or Project Number	Actual Revenues Received (Note 1)	Actual Net Revenue Requirement (Note 2)	True-Up Adjustment Principal Under/(Over)	Prior Period Adjustment	Applicable Interest Rate on Under/(Over)	True-Up Adjustment Interest Under/(Over)	Total True-Up Adjustment
			Amount Actually Received for Transmission Service	Schedule F2 Using Actual Cost Data	Col. (5) - Col. (4)	(Note A) Line 25, Col. (e)	Line 24	(Col. (6) + Col. (7)) x Col. (8) x 24 months	Col. (6) + Col. (7) + Col. (9)
1a	NTAC Facilities	-	-	-	-	-	-	-	-
1b		-	-	-	-	-	-	-	-
1c		-	-	-	-	-	-	-	-
1d		-	-	-	-	-	-	-	-
1e		-	-	-	-	-	-	-	-
...									
...									
2	Subtotal				-			-	-
3	Under/(Over) Recovery								-

Notes:

- 1) For all projects and NTAC ATRR, the Actual Revenues Received are the actual revenues NYPA receives from the NYISO in that calendar year. If NYISO does not break out the revenues per project, the Actual Revenues Received will be allocated pro rata to each project based on their Actual Net Revenue Requirement in col (5).
- 2) Schedule F1, Page 2 of 2, col (16).

Exhibit No. PA-102, SCH-F3

**Schedule F3
Project True-Up
Incentives**

FERC Refund Interest Rate

	Year	Interest Rates under Section 35.19(a)
4 Interest Rate (Note A):		
5 January	-	-
6 February	-	-
7 March	-	-
8 April	-	-
9 May	-	-
10 June	-	-
11 July	-	-
12 August	-	-
13 September	-	-
14 October	-	-
15 November	-	-
16 December	-	-
17 January	-	-
18 February	-	-
19 March	-	-
20 April	-	-
21 May	-	-
22 June	-	-
23 July	-	-
24 Avg. Monthly FERC Rate	-	-

	(a) Project or Schedule 1	(b) Adjustment A Description of the Adjustment	(c) Amount In Dollars	(d) Interest (Note A)	(e) Total Adjustment Col. (c) + Col. (d)
25	-	-	-	-	-
25a	-	-	-	-	-
25b	-	-	-	-	-
25c	-	-	-	-	-
...	-	-	-	-	-
26 Total	-	-	-	-	-

Notes: A Prior Period Adjustments are when an error is discovered relating to a prior true-up or refunds/surcharges ordered by FERC. The interest on the Prior Period Adjustment excludes interest for the current true up period, because the interest is included in Ln 25 Col (d).



Exhibit No. PA-102, WP-AA

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

WORK PAPER AA

Operation and Maintenance Summary

Line No.	(1)	(2)	(3)	(4)	(5)	(6)
	Amount (\$)	PRODUCTION	TRANSMISSION	ADMIN & GENERAL	OVERALL RESULT	Major Category
1a	555 - OPSE Purchased Power	-	-	-	-	-
1b	501 - Steam Product-Fuel	-	-	-	-	-
1c	565 - Trans-Xmsn Elect Oth	-	-	-	-	-
...		-	-	-	-	-
2a	506 - SP Misc Steam Power	-	-	-	-	-
2b	535 - HP Oper Supvr&Engrg	-	-	-	-	-
2c	537 - HP Hydraulic Expense	-	-	-	-	-
2d	538 - HP Electric Expenses	-	-	-	-	-
2e	539 - HP Misc Hyd Pwr Gen	-	-	-	-	-
2f	546 - OP Oper Supvr&Engrg	-	-	-	-	-
2g	548 - OP Generation Expens	-	-	-	-	-
2h	549 - OP Misc Oth Pwr Gen	-	-	-	-	-
2i	560 - Trans Oper Supvr&Eng	-	-	-	-	-
2j	561 - Trans Load Dispatcng	-	-	-	-	-
2k	562 - Trans Station Expens	-	-	-	-	-
2l	566 - Trans Misc Xmsn Exp	-	-	-	-	-
2n	905 - Misc. Customer Accts. Exps	-	-	-	-	-
2m	Contribution to New York State	-	-	-	-	-
2o	916 - Misc. Sales Expense	-	-	-	-	-
2p	920 - Misc. Admin & Gen'l Salaries	-	-	-	-	-
2q	921 - Misc. Office Supp & Exps	-	-	-	-	-
2r	922 - Administrative Expenses Transferred	-	-	-	-	-
2s	923 - Outside Services Employed	-	-	-	-	-
2t	924 - A&G Property Insurance	-	-	-	-	-
2u	925 - A&G Injuries & Damages Insurance	-	-	-	-	-
2v	926 - A&G Employee Pension & Benefits	-	-	-	-	-
2w	926 - A&G Employee Pension & Benefits(PBOP)	-	-	-	-	-
2x	928 - A&G Regulatory Commission Expense	-	-	-	-	-
2y	930 - Obsolete/Excess Inv	-	-	-	-	-
2z	930.1 A&G General Advertising Expense	-	-	-	-	-
2aa	930.2-A&G-Miscellaneous & General Expense	-	-	-	-	-
2ab	930.5-R & D Expense	-	-	-	-	-
2ac	931 - Rents	-	-	-	-	-
2ad	935 - A&G-Maintenance of General Plant	-	-	-	-	Operations
...		-	-	-	-	-
3a	545 - HP Maint Misc Hyd Pl	-	-	-	-	-
3b	512 - SP Maint Boiler Plt	-	-	-	-	-
3c	514 - SP Maint Misc Stm Pl	-	-	-	-	-
3d	541 - HP Maint Supvn&Engrg	-	-	-	-	-
3e	542 - HP Maint of Struct	-	-	-	-	-
3f	543 - HP Maint Res Dam&Wtr	-	-	-	-	-
3g	544 - HP Maint Elect Plant	-	-	-	-	-
3h	551 - OP Maint Supvn & Eng	-	-	-	-	-
3i	552 - OP Maint of Struct	-	-	-	-	-
3j	553 - OP Maint Gen & Elect	-	-	-	-	-
3k	554 - OP Maint Oth Pwr Prd	-	-	-	-	-
3l	568 - Trans Maint Sup & En	-	-	-	-	-
3n	569 - Trans Maint Struct	-	-	-	-	-
3m	570 - Trans-Maint St Equip	-	-	-	-	-
3o	571 - Trans-Maint Ovhd Lns	-	-	-	-	-
3p	572 - Trans-Maint Ungrd Ln	-	-	-	-	-
3q	573 - Trans-Maint Misc Xmn	-	-	-	-	Maintenance
...		-	-	-	-	-
4a	403 - Depreciation Expense	-	-	-	-	-
...		-	-	-	-	-
5	TOTALS	-	-	-	-	-



Exhibit No. PA-102, WP-AB

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AB
Operation and Maintenance Detail**

FERC by accounts and profit center		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
(1)	(2)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
	(11)									
	(12)									
		Amount (\$)								
		0100/105	0100/110	0100/115	0100/120	0100/122	0100/125	0100/130	0100/135	
			0100/140	0100/145	0100/150	0100/155	0100/156	0100/157	0100/158	
			0100/159	0100/160	0100/161					
Line No.	FERC G/L Accounts	Blenheim-Gilboa	St. Lawrence	Niagara	Poletti	Astoria Energy II	Flynn	Jarvis	Crescent	Vischer
Ferry	Ashokan	Kensico	Hell Gate	Harlem River	Vernon Blvd.	23rd & 3rd (Gowanus)	N 1st & Grand	(Kent)	Pouch Terminal	
	Brentwood									
1a	403 - Depreciation Expense									
1b	501 - Steam Product-Fuel									
1c	506 - SP-Misc Steam Power									
1d	512 - SP-Maint Boiler Plt									
1e	514 - SP-Maint Misc Stm Pl									
1f	535 - HP-Oper Supvr&Engrg									
1g	537 - HP-Hydraulic Expense									
1h	538 - HP-Electric Expenses									
1i	539 - HP-Misc Hyd Pwr Gen									
1j	541 - HP-Maint Supvn&Engrg									
1k	542 - HP-Maint of Struct									
1l	543 - HP-Maint Res Dam&Wtr									
1n	544 - HP-Maint Elect Plant									
1m	545 - HP-Maint Misc Hyd Pl									
1o	546 - OP-Oper Supvr&Engrg									
1p	548 - OP-Generation Expens									
1q	549 - OP-Misc Oth Pwr Gen									
1r	551 - OP-Maint Supvn & Eng									
1s	552 - OP-Maint of Struct									
1t	553 - OP-Maint Gen & Elect									
1u	554 - OP-Maint Oth Pwr Prd									
1v	555 - OPSE-Purchased Power									
1w	560 - Trans-Oper Supvr&Eng									
1x	561 - Trans-Load Dispatcng									
1y	562 - Trans-Station Expens									
1z	565 - Trans-Xmsn Elect Oth									
1aa	566 - Trans-Misc Xmsn Exp									
1ab	568 - Trans-Maint Sup & En									
1ac	569 - Trans-Maint Struct									
1ad	570 - Trans-Maint St Equip									
1ae	571 - Trans-Maint Ovhd Lns									
1af	572 - Trans-Maint Ungrd Ln									
1ag	573 - Trans-Maint Misc Xmn									
1ah	905 - Misc. Customer Accts. Exps									
1ai	916 - Misc. Sales Expense									
1ak	920 - Misc. Admin & Gen'l Salaries									
1al	921 - Misc. Office Supp & Exps									
1am	922 - Administrative Expenses Transferred									
1an	923 - Outside Services Employed									
1ao	924 - A&G-Property Insurance									
1ap	925 - A&G-Injuries & Damages Insurance									
1aq	926 - A&G-Employee Pension & Benefits(PBOP)									
1ar	926 - A&G-Employee Pension & Benefits									
1as	928 - A&G-Regulatory Commission Expense									
1at	930 - Obsolete/Excess Inv									
1au	931 - Rents									
1av	930.5-R & D Expense									
1aw	930.1-A&G-General Advertising Expense									
1ax	930.2-A&G-Miscellaneous & General Expense									
1ay	935 - A&G-Maintenance of General Plant									
1az										
...										
2	Contribution to New York State									
3	Overall Result	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-



FERC by accounts and profit cente											
(1)	(2)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
		0100/165									
0100/255			0100/205	0100/210	0100/215	0100/220	0100/225	0100/230	0100/235	0100/240	0100/245
FERC G/L Accounts		500MW Combined Cycle	0100/305	0100/310	0100/320	0100/321	0100/410	0100/600	...	Overall Result	765 KV
Trans		HTP Trans	BG Trans DSM	JAF Trans Headquarters	IP3/Pol Trans Power for Jobs	Marcy/Clark Trans Recharge NY	Marcy South Trans JAF	Niagara Trans SENY	Sound Cable -	ST Law Trans	
	403 - Depreciation Expense -										
	501 - Steam Product-Fuel -										
	506 - SP-Misc Steam Power -										
	512 - SP-Maint Boiler Plt -										
	514 - SP-Maint Misc Stm Pl -										
	535 - HP-Oper Supvr&Engrg -										
	537 - HP-Hydraulic Expense -										
	538 - HP-Electric Expenses -										
	539 - HP-Misc Hyd Pwr Gen -										
	541 - HP-Maint Supvn&Engrg -										
	542 - HP-Maint of Struct -										
	543 - HP-Maint Res Dam&Wtr -										
	544 - HP-Maint Elect Plant -										
	545 - HP-Maint Misc Hyd Pl -										
	546 - OP-Oper Supvr&Engrg -										
	548 - OP-Generation Expens -										
	549 - OP-Misc Oth Pwr Gen -										
	551 - OP-Maint Supvn & Eng -										
	552 - OP-Maint of Struct -										
	553 - OP-Maint Gen & Elect -										
	554 - OP-Maint Oth Pwr Prd -										
	555 - OPSE-Purchased Power -										
	560 - Trans-Oper Supvr&Eng -										
	561 - Trans-Load Dispatcng -										
	562 - Trans-Station Expens -										
	565 - Trans-Xmsn Elect Oth -										
	566 - Trans-Misc Xmsn Exp -										
	568 - Trans-Maint Sup & En -										
	569 - Trans-Maint Struct -										
	570 - Trans-Maint St Equip -										
	571 - Trans-Maint Ovhd Lns -										
	572 - Trans-Maint Ungrd Ln -										
	573 - Trans-Maint Misc Xmn -										
	905 - Misc. Customer Accts. Exps -										
	916 - Misc. Sales Expense -										
	920 - Misc. Admin & Gen'l Salaries -										
	921 - Misc. Office Supp & Exps -										
	922 - Administrative Expenses Transferred -										
	923 - Outside Services Employed -										
	924 - A&G-Property Insurance -										
	925 - A&G-Injuries & Damages Insurance -										
	926 - A&G-Employee Pension & Benefits(PBOP) -										
	926 - A&G-Employee Pension & Benefits -										
	928 - A&G-Regulatory Commission Expense -										
	930 - Obsolete/Excess Inv -										
	931 - Rents -										
	930.5-R & D Expense -										
	930.1-A&G-General Advertising Expense -										
	930.2-A&G-Miscellaneous & General Expense -										
	935 - A&G-Maintenance of General Plant -										
	Contribution to New York State	-	-								
Overall Result			-	-	-	-	-	-	-	-	-



Exhibit No. PA-102, WP-AC

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____

WORK PAPER AC
STEP-UP TRANSFORMERS O&M ALLOCATOR**

<u>Line No.</u>		<u>Amount (\$)</u> (1)	<u>Ratio</u> (2)	<u>Notes</u>
1	Avg. Transmission Plant in Service	-		Sch B2; Col 9, Sum Ln 5, 6 and 10
2	Generator Step-Up Transformer Plant-in-Service	-	<input style="width: 40px; height: 15px;" type="text"/>	Sch B2, Line 12, Col 9
3	Ratio		-	Col 1, Ln 2 / Col 1, Ln 1
4	Transmission Maintenance	-		Sch A1; Col 4, Ln 12
5	Removed Step-up Transmission O&M	-		Col 1, Ln 4 x Col 2, Ln 3



Exhibit No. PA-102, WP-AD

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____**

**WORK PAPER AD
FACTS O&M ALLOCATOR**

<u>Line No.</u>		<u>Amount (\$)</u> (1)	<u>Ratio</u> (2)	<u>Notes</u>
1	Avg. Transmission Plant in Service	-	<input type="text"/>	Sch B2; Col 5, Sum Ln 5, 6 and 10
2	FACTS Plant-in-Service	-		Sch B2, Line 13, Col 9
3	Ratio		-	Col 1, Ln 2 / Col 1, Ln 1
4	Transmission Maintenance	-		Sch A1: Col 4, Ln 12
5	Reclassified FACTS Transmission Plant	-		Subtract Col 1, Ln 4 * Col 2, Ln 3



Exhibit No. PA-102, WP-AE



**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AE
MICROWAVE TOWER RENTAL INCOME**

	(1)	(2)	(3)
Line No.	Posting Date	Account	Income Amount (\$)
1a			
1b			
1c			
1d			
1e			
1f			
1g			
1h			
1i			
1j			
1k			
1l			
1n			
...			
2			-



Exhibit No. PA-102, WP-AF

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____**

WORK PAPER AF		
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PBOP)		
Line No.	Item	Amount (\$)
	(1)	(2)
1	Total NYPA PBOP	
2	PBOP Capitalized	
3	PBOP contained in Cost of Service Line 1 less line 2	-
4	Base PBOP Amount	35,797,785
5	PBOP Adjustment Line 4 less line 3	-

This work paper includes total NYPA PBOP which is allocated to transmission by labor ratio as shown on Schedule A2.



Exhibit No. PA-102, WP-AG

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____
WORK PAPER AG
PROPERTY INSURANCE ALLOCATION**

Line No.	Site	Amount (\$) (1)	Ratio (2)	Allocated Insurance Expense - Transmission (\$) (3)	Notes (4)
1a					Allocated based on transmission gross plant ratio from Work Paper AI
1b					
1c					
1d					
...					
2	Subtotal (Gross Transmission Plant Ratio)	-	-	-	
3a					
3b					
...					
4	Subtotal (Full Transmission)	-	100.00%	-	
5	Grand Total			-	



Exhibit No. PA-102, WP-AH

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AH
INJURIES & DAMAGES INSURANCE EXPENSE ALLOCATION**

Line No.	Site	Amount (\$) (1)	Ratio (%) (2)	Allocated Injury/Damage Insurance Expense - Transmission (\$) (3)	Notes (4)
1a					
1b					
1c					
1d					
...					
2	Subtotal	-	-	-	Allocated based on transmission labor ratio from Schedule E1
3a					
...					
		-	100.00	-	
4	Grand Total			-	

Exhibit No. PA-102, WP-AI

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AI
PROPERTY INSURANCE ALLOCATOR**

	<u>12/31/</u> (1)	<u>12/31/</u> (2)	<u>Average</u> (3)	<u>Gross Plant in Service Ratio</u> (4)	<u>Source</u> (5)
1	-	-	-	-	WP-BC
2	-	-	-	-	WP-BC
3	-	-	-	-	



Exhibit No. PA-102, WP-BA

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER BA
DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)**

Line No.	Source/Comments	(1)	Included General & Transmission Plant - Depreciation		(4)
		Site Included General Plant	FERC Acct #	(3) Item	Depreciation (\$)
1a			390		-
1b			390		-
1c			390		-
1d			390		-
1e			390		-
1f			390		-
...			390		-
...			390		-
2			390	Subtotal General - Structures & Improvements	-
3a			391		-
3b			391		-
3c			391		-
3d			391		-
3e			391		-
...			391		-
...			391		-
4			391	Subtotal General - Office Furniture & Equipment	-
5a			392		-
5b			392		-
5c			392		-
5d			392		-
5e			392		-
...			392		-
...			392		-
6			392	Subtotal General - Transportation Equipment	-
7a			393		-
7b			393		-
7c			393		-
7d			393		-
...			393		-
...			393		-
8			393	Subtotal General - Stores Equipment	-
9a			394		-
9b			394		-
9c			394		-
9d			394		-
9e			394		-
...			394		-
...			394		-
10			394	Subtotal General - Tools, Shop & Garage Equipment	-
11a			395		-
11b			395		-
11c			395		-
11d			395		-
11e			395		-
...			395		-
...			395		-
12			395	Subtotal General - Laboratory Equipment	-
13a			396		-
13b			396		-
13c			396		-
13d			396		-
13e			396		-
...			396		-
...			396		-
14			396	Subtotal General - Power Operated Equipment	-
15a			397		-
15b			397		-
15c			397		-
15d			397		-
15e			397		-
15f			397		-
15g			397		-
...			397		-
...			397		-
16			397	Subtotal General - Communication Equipment	-
17a			398		-
17b			398		-
17c			398		-
17d			398		-
17e			398		-
...			398		-
...			398		-
18			398	Subtotal General - Miscellaneous Equipment	-
19a			399		-
19b			399		-
19c			399		-
...			399		-
...			399		-
20			399	Subtotal General - Other Tangible Property	-

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER BA
DEPRECIATION AND AMORTIZATION EXPENSES (BY FERC ACCOUNT)**

	(1)	Included General & Transmission Plant - Depreciation		(4)
	Site	FERC Acct #	Item	Depreciation (\$)
21	Total Included General Plant			-
	Included Transmission Plant			
22a		352		-
22b		352		-
22c		352		-
22d		352		-
22e		352		-
22f		352		-
22g		352		-
...		352		-
23		352	Subtotal Transmission - Structures & Improvements	-
24a		353		-
24b		353		-
24c		353		-
24d		353		-
24e		353		-
24f		353		-
24g		353		-
24h		353		-
...		353		-
25		353	Subtotal Transmission - Station Equipment	-
26a		354		-
26b		354		-
26c		354		-
26d		354		-
26e		354		-
26f		354		-
...		354		-
27		354	Subtotal Transmission - Towers & Fixtures	-
28a		355		-
28b		355		-
28c		355		-
28d		355		-
28e		355		-
...		355		-
29		355	Subtotal Transmission - Poles & Fixtures	-
30a		356		-
30b		356		-
30c		356		-
30d		356		-
30e		356		-
30f		356		-
...		356		-
31		356	Subtotal Transmission - Overhead Conductors & Devices	-
32a		357		-
32b		357		-
32c		357		-
...		357		-
33		357	Subtotal Transmission - Underground Conduit	-
34a		358		-
34b		358		-
34c		358		-
...		358		-
35		358	Subtotal Transmission - Underground Conductors & Devices	-
36a		359		-
36b		359		-
36c		359		-
36d		359		-
36e		359		-
36f		359		-
...		359		-
37		359	Subtotal Transmission - Roads & Trails	-
38	Total Included Transmission Plant			-

Exhibit No. PA-102, WP-BB

NEW YORK POWER AUTHORITY

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WORK PAPER BB
EXCLUDED PLANT IN SERVICE

(1)	(2)	(3)	(4)	(5)	(6)	(7)
(8)	(9)	(10)	(11)			

Electric			
Plant in	Accumulated	Electric	Depreciation
Service (\$)	Plant in	Electric	Plant in
	Depreciation	Plant in	Accumulated
	Depreciation (\$)	Service (Net \$)	Service (Net \$)
	Expense (\$)	Depreciation (\$)	Expense (\$)

Line No.	Source/Comments	EXCLUDED TRANSMISSION
1		
1a		
...		

-	-	-	-
-	-	-	-
-	-	-	-

2										
3		SUBTOTAL 500mW C - C at Astoria								
3a										
3b										
3c										
3d										
3e										
3f										
3g										
3h										
3i										
...										
4		SUBTOTAL Astoria 2 (AE-II) Substation								
5										
5a										
5b										
5c										
...										
6		SUBTOTAL Small Hydro								
7										
7a										
...										
8		SUBTOTAL FLYNN (Holtsville)								
8a										
8b										
8c										
8d										
8e										
...										
9		SUBTOTAL Poletti								
10										
10a										
10b										
10c										
10d										
10e										
10f										
10g										
...										
11		SUBTOTAL SCPP								
12										
...										
13		TOTAL EXCLUDED TRANSMISSION								

Exhibit No. PA-102, WP-BB

NEW YORK POWER AUTHORITY

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**WORK PAPER BB
EXCLUDED PLANT IN SERVICE**

(1) (2) (3) (4) (5) (6) (7)
(8) (9) (10) (11)

Electric				
Plant in	Accumulated	Electric	Electric	Depreciation
Service (\$)	Plant in	Plant in	Plant in	Plant in
	Depreciation	Service (Net \$)	Service (Net \$)	Expense (\$)
	Depreciation (\$)	Depreciation (\$)		Service (Net \$)
	Expense (\$)			

EXCLUDED GENERAL

14
14a
14b

- - - -
- - - -
- - - -

14c		-	-	-	-
14d		-	-	-	-
14e		-	-	-	-
14f		-	-	-	-
...		-	-	-	-
15	SUBTOTAL 500Mw CC	-	-	-	-
16					
16a					
16b					
...					
17	SUBTOTAL Small Hydro	-	-	-	-
18					
18a					
18b					
18c					
18d					
18e					
18f					
18g					
18h					
...		-	-	-	-
19	SUBTOTAL Flynn	-	-	-	-
20					
20a					
20b					
20c					
20d					
20e					
20f					
20g					
20h					
20i					
20j					
20k					
...		-	-	-	-
21	SUBTOTAL Poletti	-	-	-	-

Exhibit No. PA-102, WP-BB

NEW YORK POWER AUTHORITY

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**WORK PAPER BB
EXCLUDED PLANT IN SERVICE**

(1) (2) (3) (4) (5) (6) (7)
(8) (9) (10) (11)

Electric				
Plant in	Accumulated	Electric	Electric	Depreciation
Service (\$)	Plant in	Plant in	Plant in	Plant in
	Depreciation	Service (Net \$)	Service (Net \$)	Expense (\$)
	Depreciation (\$)	Depreciation (\$)		Service (Net \$)
	Expense (\$)			

- - - -
- - - -
- - - -

22
22a
22b

22c		-	-	-	-
22d		-	-	-	-
22e		-	-	-	-
22f		-	-	-	-
22g		-	-	-	-
22h		-	-	-	-
22i		-	-	-	-
22j		-	-	-	-
22k		-	-	-	-
22l		-	-	-	-
22n		-	-	-	-
...		-	-	-	-
23	SUBTOTAL SCPP	-	-	-	-
24		-	-	-	-
...		-	-	-	-
25	TOTAL EXCLUDED GENERAL	-	-	-	-

Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

(1) (12)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
in P/T/G \$)	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net

Capital assets, not being depreciated:

Land

1
1a
1b
1c
1d
1e
1f
1
g

1
h

1
i

1
j

1
k

1
l

1
n

1
m

1
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1
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1

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1

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1

s

1

t

1u

1v

1w

1x

1y

1z

1aa

1ab

1ac

1ad

1ae

1af

1ag

1ah

1ai

...

...

2

Land Total

-

-

-

-

-

-

-

-

-

3

3a

Adjustments

Construction in progress

CWIP

4

Construction in progress Total

-

-

-

-

-

-

-

-

-

Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

(12)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
in	P/T/G	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net
5				Total capital assets not being depreciated	-	-	-	-	-	-	-

Capital assets, being depreciated:

Production - Hydro

6
6a
6b
6c
6d
6e
6f
6
g
6
h
6
i
6
j
6
k
6
l
6
n
6
m
6
o

6
p
6
q
6
r
6
s
6
t
6u
6v
6w
6x
6y
6z
6aa
6ab
6ac
6ad
6ae
6af
6ag
...
...
7



[Redacted]

[Redacted]

[Redacted]

[Redacted]

Production - Hydro Total

- - - - -

Production - Gas turbine/combined cycle

Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	(12)										
	in	Plant Name	A/C	Description	Electric Plant in	Accumulated	Electric Plant in	Depreciation	Electric Plant in Service (\$)	Accumulated	Electric Plant
	P/T/G	Expense (\$)			Service (\$)	Depreciation	Service (Net \$)	Expense (\$)		Depreciation (\$)	Service (Net
	\$)					(\$)					Service (Net
8a											
8b											
8c											
8d											
8e											
8f											
8											
g											
8											
h											
8											
i											
8											
j											
8											
k											
8											
l											
8											
n											
8											
m											
8											
o											
8											
p											
8											
q											
8											
r											

8
s
8
t
8u
8v
8w
8x
8y
8z
8aa
8ab
8ac
8ad
8ae
8af
8ag
8ah
8ai
8ak
8al
8
a
m
8
a
n
8
a
o
8
a
p
8
a
q
8
a
r
8
a
s
8
a
t
8
a
u
8
a
v



Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

	(1) (12)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	in P/T/G \$)	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net
8aw											
8ax											
8ay											
8az											
8ba											
8bb											
8bc											
8bd											
...											
...											
9				Production - Gas turbine/combined cycle Total	-	-	-	-	-	-	-
				Transmission							
10											
1											
0											
a											
1											
0											
b											
1											
0											
c											
1											
0											
d											
1											
0											
e											
1											
0											
f											
1											

0

g

1

0

h

1

0

i

1

0

j

1

0

k

10l

10n

10m

10o

10p

10q

10r

10s

10t

10u

10v

10w

10y

10z

10aa

10ab

10ac

10ad

10ae

10af

10ag

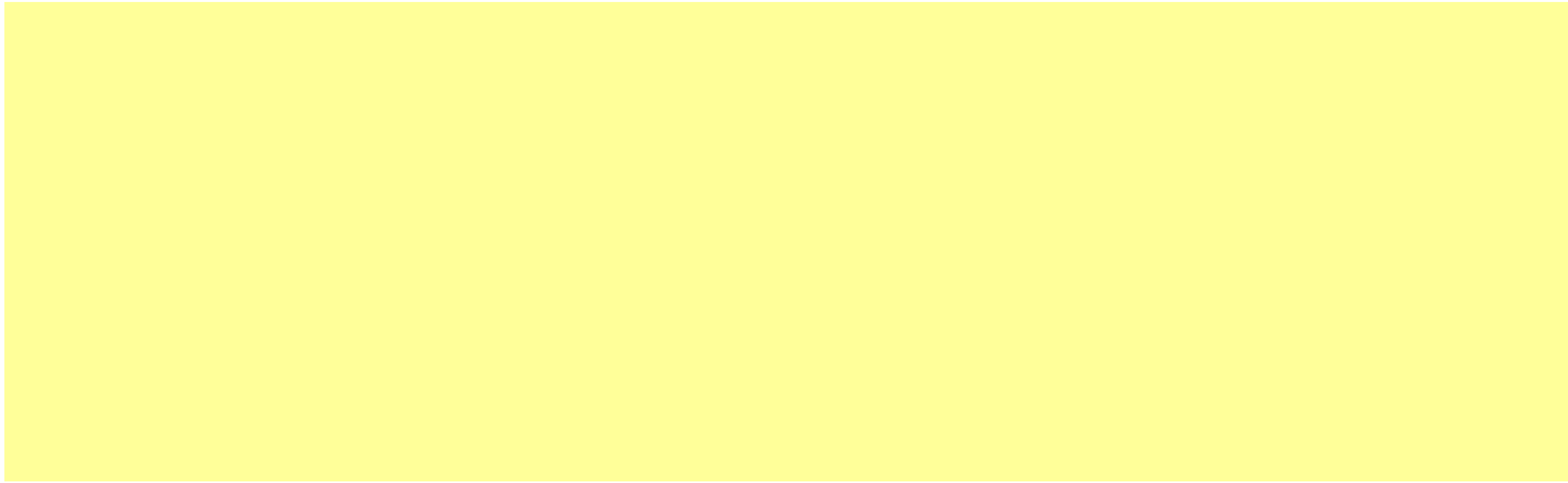
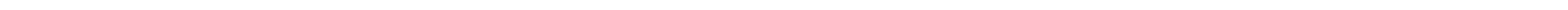


Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

	(1) (12)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	in P/T/G \$)	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net
1											
0											
a											
h											
1											
0											
a											
i											
1											
0											
a											
k											
10al											
10am											
10an											
10ao											
10ap											
10aq											
10ar											
10as											
10at											
10au											
10av											
10aw											
10ax											
10ay											
10az											
10ba											
10bb											
10bc											
10bd											
10be											
10bh											
10bi											
10bk											
10bl											
10bm											
10bn											

10bo
10bp
10bq

1
0
b
r



1
0
b
s

1
0
b
t

1
0
b
u

1
0
b
v

1
0
b
w

...

11

Transmission Total

-

-

-

-

-

-

-

-

12

General

1
2
a

1
2
b

1
2
c

Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	(12)										
	in	Plant Name	A/C	Description	Electric Plant in	Accumulated	Electric Plant in	Depreciation	Electric Plant in Service (\$)	Accumulated	Electric Plant
	P/T/G	Expense (\$)			Service (\$)	Depreciation	Service (Net \$)	Expense (\$)	Electric Plant in Service (\$)	Depreciation (\$)	Service (Net
	\$)					Depreciation					Service (Net
1											
2											
d											
1											
2											
e											
1											
2											
f											
1											
2											
g											
1											
2											
h											
1											
2											
i											
1											
2											
j											
1											
2											
k											
12l											
12n											
12m											
12o											
12p											
12q											
12r											
12s											

12t
12u
12v
12w
12x
12y
12z
1
2
a
a
1
2
a
b
1
2
a
c
1
2
a
d
1
2
a
e
1
2
a
f
1
2
a
g
1
2
a
h
12ai
12ak
12al
12am
12an
12ao
12ap
12aq
12ar
12as
12at
12au
12av
12aw
12ax
12ay



Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

(1) (12)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
in P/T/G \$)	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net
12az										
12ba										
12bb										
12bc										
12bd										
12be										
12bh										
12bi										
12bk										
12bl										
12bm										
12bn										
12bo										
1										
2										
b										
p										
1										
2										
b										
q										
1										
2										
b										
r										
1										
2										
b										
s										
12bt										
12bu										
12bv										
12bw										
12bx										
12by										
12bz										
12ca										

12cb
12cc
12cd
12ce
12cf
12cg
12ch
12ci
12ck
12cl



1
2
c
m

1
2
c
n

1
2
c
o

1
2
c
p

...
...
13

14

15

	General Total	-	-	-	-	-	-	-	-
	-								
	Total capital assets, being depreciated	-	-	-	-	-	-	-	-
	-								
	Net value of all capital assets	-	-	-	-	-	-	-	-
	-								



Exhibit No. PA-102, WP-BC

**NEW YORK POWER AUTHORITY
TRANSMISSION
REVENUE
REQUIREMENT
YEAR ENDING
DECEMBER 31, ____**

**WORK PAPER BC
PLANT IN SERVICE DETAIL**

(1) (12)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
in P/T/G \$	Plant Name Expense (\$)	A/C	Description	Electric Plant in Service (\$)	Accumulated Depreciation Depreciation (\$)	Electric Plant in Service (Net \$)	Depreciation Expense (\$)	Electric Plant in Service (\$)	Accumulated Depreciation (\$)	Electric Plant Service (Net

Exhibit No. PA-102, WP-BD

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____**

**WORK PAPER BD
MARCY-SOUTH CAPITALIZED LEASE AMORTIZATION
AND UNAMORTIZED BALANCE**

Line No.	Year	Beginning Unamortized Lease Asset/ Obligation (\$)	Ending Unamortized Lease/Asset (\$)	Capitalized Lease Amortization (\$)	Current Year Average Unamortized Balance
	(1)	(2)	(3)	(4)	(5)
1	1988	-	-	-	
2	1989	-	-	-	
3	1990	-	-	-	
4	1991	-	-	-	
5	1992	-	-	-	
6	1993	-	-	-	
7	1994	-	-	-	
8	1995	-	-	-	
9	1996	-	-	-	
10	1997	-	-	-	
11	1998	-	-	-	
12	1999	-	-	-	
13	2000	-	-	-	
14	2001	-	-	-	
15	2002	-	-	-	
16	2003	-	-	-	
17	2004	-	-	-	
18	2005	-	-	-	
19	2006	-	-	-	
20	2007	-	-	-	
21	2008	-	-	-	
22	2009	-	-	-	
23	2010	-	-	-	
24	2011	-	-	-	
25	2012	-	-	-	
26	2013	-	-	-	
27	2014	-	-	-	-
28	2015	-	-	-	
29	2016	-	-	-	
30	2017	-	-	-	
31	2018	-	-	-	
32	2019	-	-	-	
33	2020	-	-	-	
34	2021	-	-	-	
35	2022	-	-	-	
36	2023	-	-	-	
37	2024	-	-	-	
38	2025	-	-	-	
39	2026	-	-	-	
40	2027	-	-	-	
41	2028	-	-	-	
42	2029	-	-	-	
43	2030	-	-	-	
44	2031	-	-	-	
45	2032	-	-	-	
46	2033	-	-	-	
47	2034	-	-	-	
48	2035	-	-	-	



49

2036

-

-

-

50

2037

-

-

-

51

Total

-

=====

=====



NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____

WORK PAPER BE

FACTS PROJECT PLANT IN SERVICE, ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

LN	Cap.Date	Asset Description	(1) Electric Plant in Service (\$)	(2) Accumulated Depreciation (\$)	(3) Electric Plant in Service (Net \$)	(4) Depreciation Expense (\$)	(5) Electric Plant in Service (\$)	(6) Accumulated Depreciation (\$)	(7) Electric Plant in Service (Net \$)	(8) Depreciation Expense (\$)
2		Total Plant	-	-	-	-	-	-	-	-
3		Year-Over-Year Accumulated Depreciation		-						

Note: The FACTS project data is based on NYPA's financial records with adherence to FERC's Uniform System of Accounts and U.S. generally accepted accounting principles.



Exhibit No. PA-102, WP-BF

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE
REQUIREMENT
YEAR ENDING DECEMBER 31,**

**WORK PAPER BF
GENERATOR STEP-UP TRANSFORMERS BREAKOUT**

	Asset No.	Electric Plant in Service (\$) (1)	Accumulated Depreciation (\$) (2)	Electric Plant (Net \$) (3)	Depreciation Expense (\$) (4)	Electric Plant in Service (\$) (5)	Accumulated Depreciation (\$) (6)	Electric Plant (Net \$) (7)	Depreciation Expense (\$) (8)
1									
1									
a									
1									
b									
1									
c									
...									
2									
2a									
2b									
2c									
2d									
2e									
2f									
2g									
2h									
...									
3									
a									
...									
4									
a									
...									
5									
5									
a									
5									
b									
5									
c									
...									
6a									
...									
7	Grand Total	-	-	-	-	-	-	-	-
8	Adjusted Grand Total (Excludes 500MW C - C at Astoria)	-	-	-	-	-	-	-	-



Exhibit No. PA-102, WP-BG

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER BG
RELICENSING/RECLASSIFICATION EXPENSES**

	NIAGARA	Plant in Service (\$) (1)	Accumulated Depreciation (\$) (2)	Plant in Service (Net \$) (3)	Depreciation Expense (\$) (4)	Plant in Service (\$) (5)	Accumulated Depreciation (\$) (6)	Plant in Service (Net \$) (7)	Depreciation Expense (\$) (8)
1a									
1b									
1c									
...									
1		-	-	-	-	-	-	-	-
2a									
2b									
2c									
2d									
2e									
2f									
2g									
...									
2		-	-	-	-	-	-	-	-
3a									
...									
...									
...									
3		-	-	-	-	-	-	-	-
4 Total Expenses		-	-	-	-	-	-	-	-



Exhibit No. PA-102, WP-BH

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER BH
ASSET IMPAIRMENT**

	(1)	(2)	(3)	(4)	(5)
	Posting Date	Cost Center	Account	Impairment Amount (\$)	Facility
1a					
1b					
1c					
1d					
1e					
1f					
1g					
...					
2				-	
3	Total Impairment - Production			-	
4	Total Impairment - Transmission			-	
5	Total Impairment - General Plant			-	



Exhibit No. PA-102, WP-BI

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER BI
COST OF REMOVAL**

Cost of Removal to Regulatory Assets - Depreciation:

(1)	(2)	(3)
	Amount (\$)	Amount (\$)
1 Production		
2 Transmission		
3 General		
4 Total	-	-

Note: The Cost of Removal data is based on NYPA's accounting records under the provisions of FASB Accounting Standards Codification Topic 980.



Exhibit No. PA-102, WP-CA

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER CA
MATERIALS AND SUPPLIES**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	NYPA Acct #	Facility	Total M&S Inventory (\$) 12/31/____	Total M&S Inventory (\$) 12/31/____	Avg. M&S Inventory ____-14	Transmission Allocator	Allocated M&S (\$)
1a	1100	NIA					
1b	1200	STL					
1c	3100	POL					
1d	3200	Flynn					
1e	1300	B/G					
1f	3300	500MW					
1g	2100	CEC					
...	-	-					
2		Facility Subtotal	-	-			
3a		Reserve for Degraded Materials					
3b		Reserve for Excess and Obsolete Inventory					
...	-	-					
4		Reserves Subtotal	-	-			
5		Total	-	-	-	-	-



Exhibit No. PA-102, WP-CB

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER CB
ESTIMATED PREPAYMENTS AND INSURANCE**

	(1)	(2)	(3)
	Date	Property Insurance (\$)	Other Prepayments (\$)
1	12/31/____	-	
2	12/31/____	-	
3	Beginning/End of Year Average	-	-



Exhibit No. PA-102, WP-DA

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER DA
WEIGHTED COST OF CAPITAL**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Component	Amount (\$)	Actual Share	Equity Cap	Applied Share	Cost Rate	Weighted Cost
1 Long-Term Debt	- 6/	-	50.00%	-	-	-
2 Preferred Stock	-	-	-	-	-	-
3 Common Equity	- 1/	-	50.00%	-	9.45% 5/	-
4 Total	-	-	100%	-	-	-

Notes

- 1/:
- 5 Total Proprietary Capital Workpaper WP-DB Ln (5), average of Col (2) and (3)
- 6 less Preferred
- 7 less Acct. 216.1
- 8 Common Equity
- 2/:
- 9 Total Long Term Debt Interest Workpaper WP-DB Col (2) Ln (2)
- 10 Net Proceeds Long Term Debt Workpaper WP-DB Ln (4), average of Col (2) and (3)
- 11 LTD Cost Rate 7/
- 3/:
- 12 Preferred Dividends
- 13 Preferred Stock
- 14 Preferred Cost Rate
- 15 4/: The capital structure listed in Col (3) is calculated based on the total capitalization amount listed in column (2). The Equity Cap in Col (4) Ln (3) is fixed and cannot be modified or deleted absent an FPA Section 205 or 206 filing to FERC. The Applied Equity Share in Col (5) Ln (3) will be the actual common equity share, not to exceed the Equity Cap in Col (4) Ln (3). The debt share is calculated as 1 minus the equity share.
- 16 5/: The ROE listed in Col (6), Ln (3) is the base ROE plus 50 basis-point incentive for RTO participation. ROE may only be changed pursuant to an FPA Section 205 or 206 filing to FERC.
- 17 6/: The Long-Term Debt Amount (\$) in Col (2) Ln (1) is the Gross Proceeds Outstanding Long Term Debt, the average of WP-DB Ln (3e), Col (2) and (3).
- 18 7/: The Long-Term Debt Cost Rate is calculated as the Total Long Term Debt Interest [Workpaper WP-DB Col (2) Ln (2)] divided by the Net Proceeds Long Term Debt [Workpaper WP-DB row (4), average of Col (2) and (3)].



Exhibit No. PA-102, WP-DB

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER DB
CAPITAL STRUCTURE
LONG-TERM DEBT AND RELATED INTEREST**

(1)	(2)	(3)	(4)
	____ Amount (\$)	____ Amount (\$)	NYPA Form 1 Equivalent
1 Long Term Debt Cost			
1a Interest on Long-Term Debt			p. 117 ln. 62 c,d
1b Amort. of Debt Disc. and Expense			p. 117 ln. 63 c,d
1c Amortization of Loss on Reacquired Debt			p. 117 ln. 64 c,d
1d (Less) Amort. of Premium on Debt			p. 117 ln. 65 c,d
1e (Less) Amortization of Gain on Reacquired Debt			p. 117 ln. 66 c,d
2 Total Long Term Debt Interest	-	-	
3 Long Term Debt			
3a Bonds			p. 112 ln. 18 c,d
3b (Less) Reacquired Bonds			p. 112 ln. 19 c,d
3d Other Long Term Debt			p. 112 ln. 21 c,d
3e Gross Proceeds Outstanding LT Debt	-	-	
3f (Less) Unamortized Discount on Long-Term Debt			p. 112 ln. 23 c,d
3g (Less) Unamortized Debt Expenses			p. 111 ln. 69 c,d
3h (Less) Unamortized Loss on Reacquired Debt			p. 111 ln. 81 c,d
3i Unamortized Premium on Long-Term Debt			p. 112 ln. 22 c,d
3k Unamortized Gain on Reacquired Debt			p. 113 ln. 61 c,d
4 Net Proceeds Long Term Debt	-	-	
5 Net Position	-	-	

Exhibit No. PA-102, WP-EA

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER EA
CALCULATION OF LABOR RATIO**

	(1)	(2)	(3)	(4)
	Cost Center(s)	Site	Labor Actual Postings \$	Ratio
1a	105	Blenheim-Gilboa		-
1b	110	St. Lawrence		-
1c	115	Niagara		-
1d	120	Poletti		-
1e	125	Flynn		-
1f				
1g	122	AE II		-
1h				
1i	130-150	Total Small Hydro		-
1j				
1k	155-161	Total Small Clean Power Plants		-
1l				
1n	165	500MW Combined Cycle		-
1m				
1o	205-245	Total Included Transmission		-
1p				
1q	321	Recharge New York		-
1r				
1s	600	SENY		-
...	-	-		-



Total - Production + Transmission

- -

Total - Production Only

- -



Exhibit No. PA-102, WP-AR-IS

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____**

**WORK PAPER AR- IS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(\$ Millions)**

	Description	Actual	Actual
	(1)	<u>(2)</u>	<u>(3)</u>
1	Operating Revenues		
1a	Power Sales		
1b	Transmission Charges		
1c	Wheeling Charges		
...	-		
2	Total Operating Revenues	-	-
3	Operating Expenses		
3a	Purchased Power		
3b	Fuel Oil and Gas		
3c	Wheeling		
3d	Operations		
3e	Maintenance		
3f	Depreciation		
...	-		
4	Total Operating Expenses	-	-
5	Operating Income	-	-
6	Nonoperating Revenues		
6a	Investment Income		
6b	Other		
...	-		
7	Investments and Other Income	-	-
8	Nonoperating Expenses		
8a	Contribution to New York State		
8b	Interest on Long-Term Debt		
8c	Interest - Other		
8d	Interest Capitalized		
8e	Amortization of Debt Premium		
...	-		
9	Investments and Other Income	-	-
10	Net Income Before Contributed Capital	-	-
11	Contributed Capital - Wind Farm Transmission Assets		
...	-	-	-
13	Change in net position	-	-

Exhibit No. PA-102, WP-AR-BS

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, _____**

**WORK PAPER AR-BS
STATEMENT OF NET POSITION
(\$ Millions)**

	DESCRIPTION (1)	DECEMBER _____ (2)	DECEMBER _____ (3)
1	Assets and Deferred Outflows		
1a	Current Assets:		
1b	Cash and cash equivalents		
1c	Investment in securities		
1d	Receivables - customers		
1e	Materials and supplies, at average Cost:		
1f	Plant and general		
1g	Fuel		
1h	Miscellaneous receivables and other		
...	-		
2	Total current assets	-	-
3	Noncurrent Assets:		
3a	Restricted funds:		
3b	Cash and cash equivalents		
3c	Investment in securities		
...	-		
4	Total restricted assets	-	-
5	Capital funds:		
5a	Cash and cash equivalents		
5b	Investment in securities		
...	-		
6	Total capital funds	-	-
7	Capital Assets		
7a	Capital assets not being depreciated		
7b	Capital assets, net of accumulated depreciation		
...	-		
8	Total capital assets	-	-
9	Other noncurrent assets:		
9a	Receivable - New York State		
9b	Notes receivable - nuclear plant sale		
9c	Other long-term assets		
...	-		
10	Total other noncurrent assets	-	-
11	Total noncurrent assets	-	-
12	Total assets	-	-
13	Deferred outflows:		
13a	Accumulated decrease in fair value of hedging derivatives		
...	-		
14	Total Deferred outflows	-	-



Exhibit No. PA-102, WP-AR-BS

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AR-BS
STATEMENT OF NET POSITION**

(\$ Millions)

	DESCRIPTION	DECEMBER ____	DECEMBER ____
16	Liabilities, Deferred Inflows and Net Position		
16a	Current Liabilities:		
16b	Accounts payable and accrued liabilities		
16c	Short-term debt		
16d	Long-term debt due within one year		
16e	Capital lease obligation due within one year		
16f	Risk management activities - derivatives		
...	-		
17	Total current liabilities	-	-
18	Noncurrent liabilities:		
18a	Long-term debt:		
18b	Senior:		
18c	Revenue bonds		
18d	Adjustable rate tender notes		
18e	Subordinated:		
18f	Subordinated Notes, Series 2012		
18g	Commercial paper		
...	-		
19	Total long-term debt	-	-
20	Other noncurrent liabilities:		
20a	Capital lease obligation		
20b	Liability to decommission divested nuclear facilities		
20c	Disposal of spent nuclear fuel		
20d	Relicensing		
20e	Risk management activities - derivatives		
20f	Other long-term liabilities		
...	-		
21	Total other noncurrent liabilities	-	-
22	Total noncurrent liabilities	-	-
23	Total liabilities	-	-
24	Deferred inflows:		
24a	Cost of removal obligation		
...	-		
25	Net position:		
25a	Net investment in capital assets		
25b	Restricted		
25c	Unrestricted		
...	-		
26	Total net position	-	-
27	Total liabilities, deferred inflows and net position	-	-



Exhibit No. PA-102, WP-AR-Cap Assets

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER AR-Cap Assets
CAPITAL ASSETS - Note 5 (\$ Millions)**

New York Power Authority Capital Assets - Note 5 ____ Annual Report		12/31/____ Ending balance	Additions	Deletions	12/31/____ Ending balance
(1)	(2)	(3)	(4)	(5)	
1	Capital assets, not being depreciated:				
1a	Land				-
1b	Construction in progress				-
...	-				-
2	Total capital assets not being depreciated	-	-	-	-
3	Capital assets, being depreciated:				
3a	Production - Hydro				-
3b	Production - Gas				-
3c	turbine/combined cycle				-
3d	Transmission				-
3e	General				-
...	-				-
4	Total capital assets being depreciated	-	-	-	-
5	Less accumulated depreciation for:				
5a	Production - Hydro				-
5b	Production - Gas				-
5c	turbine/combined cycle				-
5d	Transmission				-
5e	General				-
...	-				-
6	Total accumulated depreciation	-	-	-	-
7	Net value of capital assets being depreciated	-	-	-	-
8	Net value of all capital assets	-	-	-	-

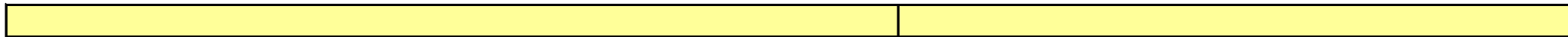


Exhibit No. PA-102, WP-Reconciliations

**NEW YORK POWER AUTHORITY
TRANSMISSION REVENUE REQUIREMENT
YEAR ENDING DECEMBER 31, ____**

**WORK PAPER Reconciliations
RECONCILIATIONS BETWEEN ANNUAL REPORT & ATRR**

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	OPERATION & MAINTANANCE EXPENSES								
		Operations	Maintenance	Total O&M					
1a	Operations & Maintenance Expenses - as per Annual Report	-	-	-					
1b	Excluded Expenses								
1c	Production	-	-	-					
1d	A&G in FERC Acct 549 - OP-Misc Oth Pwr Gen	-	-	-					
1e	FERC acct 905 (less contribution to New York State)	-	-	-					
1f	FERC acct 916 - Misc Sales Expense	-	-	-					
1g	A&G allocated to Production and General	-	-	-					
1h	Adjustments								
1i	Less A/C 924 - Property Insurance	-	-	-					
1j	Less A/C 925 - Injuries & Damages Insurance	-	-	-					
1k	Less EPRI Dues	-	-	-					
1l	Less A/C 928 - Regulatory Commission Expense	-	-	-					
1n	PBOP Adjustment	-	-	-					
1m	924 -Property Insurance as allocated	-	-	-					
1o	925 - Injuries & Damages Insurance as allocated	-	-	-					
1p	Step-up Transformers	-	-	-					
1q	FACTS	-	-	-					
1r	Microwave Tower Rental Income	-	-	-					
1s	Reclassifications (post Annual Report)	-	-	-					
	Operations & Maintenance Expenses - as per ATRR <i>check</i>	-	-	-					



2 ELECTRIC PLANT IN SERVICE & DEPRECIATION

		<u>Electric Plant in</u>	<u>Accumulated</u>	<u>Electric Plant in</u>	<u>Depreciation</u>	<u>Electric Plant in</u>	<u>Accumulated</u>	<u>Electric Plant in</u>	<u>Depreciation</u>
		<u>Service (\$)</u>	<u>Depreciation (\$)</u>	<u>Service - Net (\$)</u>	<u>Expense (\$)</u>	<u>Service (\$)</u>	<u>Depreciation (\$)</u>	<u>Service - Net (\$)</u>	<u>Expense (\$)</u>
2a	As per Annual Report								
2b	Capital Assets not being depreciated	-	-	-	-	-	-	0	0
2c	Capital Assets being depreciated	-	-	-	-	-	-	0	0
2d	Total Capital Assets	-	-	-	-	-	-	0	0
2e	Less CWIP	-	-	-	-	-	-	0	0
2f	Total Assets in Service	-	-	-	-	-	-	0	0
2g	Adjustments for ATRR								
2h	Cost of Removal (note 1)								
2i	Transmission	-	-	-	-	-	-	0	0
2j	General	-	-	-	-	-	-	0	0
2k	Total	-	-	-	-	-	-	0	0
2l	Excluded (note 2)								
2n	Transmission	-	-	-	-	-	-	0	0
2m	General	-	-	-	-	-	-	0	0
2o	Total	-	-	-	-	-	-	0	0
2p	Adjustments to Rate Base (note 3)								
2q	Transmission	-	-	-	-	-	-	0	0
2r	General	-	-	-	-	-	-	0	0
2s	Total	-	-	-	-	-	-	0	0
2t									
2u	Total Assets in Service - As per ATRR	-	-	-	-	-	-	0	0
2v	Comprising:								
2w	Production	-	-	-	-	-	-	0	0
2x	Transmission	-	-	-	-	-	-	0	0
2y	General	-	-	-	-	-	-	0	0
2z	Total	-	-	-	-	-	-	0	0
2aa	<i>check</i>								
			differences due to rounding					0	0

Notes

- 2ab 1 Cost of Removal: Bringing back to accumulated depreciation cost of removal which was reclassified to regulatory liabilities in annual report
- 2ac 2 Excluded: Assets not recoverable under ATRR
- 2ad 3 Adjustments to Rate Base: Relicensing, Windfarm, Step-up transformers, FACTS & Asset Impairment

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3 MATERIALS & SUPPLIES

3a	As per Annual Report		
3b	Plant and General	-	-
3c	As per ATRR	-	-
3d	check	-	-

4 CAPITAL STRUCTURE

		Long-Term Debt	Common Equity	Long-Term Debt	Common Equity
4a	As per Annual Report				
4b	Long-Term	-	-	-	-
4c	Short-Term	-	-	-	-
4d	Total	-	-	-	-
4e	As per ATRR	-	-	-	-
4f	check	-	-	-	-

5 INTEREST ON LONG-TERM DEBT

5a	As per Annual Report		
5b	Interest LTD (including Swaps, Deferred Refinancing)	-	-
5c	Debt Discount/Premium	-	-
5d	Total	-	-
5e	As per ATRR		
5f	Interest LTD (including Swaps, Deferred Refinancing)	-	-
5g	Debt Discount/Premium	-	-
5h	Total	-	-
5i	check	-	-

6 REVENUE REQUIREMENT

6a	As per Annual Report	-
6b	SENY load (note 4)	-
6c	FACTS revenue (note 5)	-
6d	Timing differences	-
...		
...		
7a	Total (sum lines 64-66)	-
7b	FERC approved ATRR (line 63 - line 67)	-
7c	check	-

Notes

7d	4	Amount that NYPA will credit to its ATRR assessed to the SENY customer load. These revenues are included in the Annual Report within Production Revenues.
7e	5	Compensation for FACTS through the NYISO's issuance of Transmission Congestion Contract ("TCC") payments

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8 OTHER POSTEMPLOYMENT BENEFIT PLANS

8a	As per Annual Report	
8b	Annual OPEB Cost	-
8c	As per ATRR	-
8d	Total NYPA PBOP	-
8e	check	-

14.2.3.2 NYPA Formula Rate Implementation Protocols

14.2.3.2.1 General

- (a) NYPA employs the Formula Rate (contained in Section 14.2.3.1 (“Formula Rate Template” or “Formula”) of this Attachment) to calculate its Annual Transmission Revenue Requirement (“ATRR”) in accordance with the Protocols set forth herein. NYPA employs an Annual Update Process, which refreshes the calculation of the ATRR by populating the Formula in Section 14.2.3.1 of this Attachment with prior-year information from the Financial Report contained in the NYPA annual report and other historical data from NYPA’s books and records, which are maintained using the FERC Uniform System of Accounts. The Annual Update Process does not effect any changes to the Formula Rate itself. NYPA will hold an Open Meeting each year to provide an additional opportunity for Interested Parties to obtain information about the Annual Update, and will make the Open Meeting remotely accessible to Interested Parties.

(b) Protocols Definitions:

“Accounting Change” means any change in accounting that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate, including (A) any change in NYPA’s accounting policies, practices and procedures (including changes resulting from revisions to the U.S. generally accepted accounting principles) from those in effect during the Calendar Year upon which the most recent Actual ATRR was based that affects the Formula Rate or calculations under the Formula; (B) any change in NYPA’s cost allocation policies from those policies or methodologies in effect for the Initial Rate Year or Calendar Year upon which the immediately preceding True-Up Adjustment was based that affects the Formula Rate or calculations under the Formula; (C) the initial implementation of an accounting standard or policy; (D) the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific accounting direction; (E) the implementation of new estimation methods or policies that change prior estimates; and (F) the correction of errors and prior-period adjustments.

“Actual Annual Transmission Revenue Requirement” (“Actual ATRR”) means the actual net annual transmission revenue requirement calculated in accordance with the Formula Rate, using as inputs only those costs and credits properly recorded in NYPA’s most recent Financial Report (to the extent the Formula Rate specifies Financial Report data as the input source) or data reconcilable to the Financial Report by the application of clearly identified and supported information that is properly recorded in NYPA’s books and records, which books and records are maintained in accordance with (A) the FERC Uniform System of Accounts; (B) NYPA’s internal accounting policies and practices; (C) U.S. generally accepted accounting principles; and (D) NYPA’s cost allocation policies. Where the reconciliation to the Financial Report is provided through a workpaper, the inputs to the workpaper shall be either taken directly from the Financial Report or reconcilable to the Financial Report by the application of clearly identified and supported information.

“Annual Review Procedures” means the procedures for review of each Annual Update, as described in these Protocols.

“Annual Update” means the calculation and publication of the Actual ATRR for the prior Calendar Year, and the Projected ATRR (including the True-Up Adjustment and any Prior Period Adjustment, if applicable) to be applicable for the upcoming Rate Year.

“Annual Update Process” means the annual process by which NYPA calculates the Annual Update and makes it available to Interested Parties.

“Calendar Year” means January 1st through December 31st of a given year.

“Discovery Period” means the period for serving Information Requests pursuant to Section 14.2.3.2.3 of this Attachment, commencing as of the calendar day immediately following the Publication Date and ending one hundred twenty (120) calendar days after the Publication Date. The Discovery Period may be extended only as provided in Sections 14.2.3.2.3(a)(i) and 14.2.3.2.3(a)(v) of this Attachment.

“Financial Report” means the independently audited financial statements contained in the NYPA annual report which is issued in April of each year for the prior Calendar Year.

“Formal Challenge” means a dispute regarding an aspect of the Annual Update that is raised with FERC by an Interested Party pursuant to these Protocols, and served on NYPA by electronic service on the date of such filing.

“Formula” means the cost-of-service template and associated schedules shown in Section 14.2.3.1 of this Attachment.

“Formula Rate” means the Formula together with the Protocols.

“Information Request” means a request served upon NYPA by an Interested Party within the Discovery Period for information or documents relating to an Annual Update as provided for in these Protocols.

“Initial Rate Year” means the initial period, from the date the rates are first made effective by the Commission through June 30, 2016.

“Interested Party” includes, but is not limited to, customers under the Tariff, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general.

“NYPA Exploder List” means an e-mail list maintained by NYPA that includes all Interested Parties who have notified NYPA of their intent to be included. Interested Parties can subscribe to the NYPA Exploder List on the NYPA website.

“NYPA Form 1 Equivalent” means a form developed by the parties to the settlement in Docket No. ER16-835-000 that presents NYPA’s financial information in substantially the same format as selected pages of the FERC Form No. 1.

“Open Meeting” means an open meeting and conference call (in webinar format) that shall permit NYPA to explain and clarify, and shall provide Interested Parties an opportunity to seek information and clarification concerning the Annual Update. The Open Meeting shall be held no earlier than twenty (20) calendar days and no later than forty (40) calendar days after the Publication Date. NYPA shall provide notice of the Open Meeting no less than fifteen (15) calendar days prior to such meeting via the NYPA Exploder List and by posting on the ISO website.

“Other Developers” is defined as that term is defined in Section 31.1.1 of Attachment Y of the ISO OATT.

“Preliminary Challenge” means a written notification by an Interested Party to NYPA, during the Review Period, of any specific challenge to the Annual Update.

“Prior Period Adjustment” means any change to the True-Up Adjustment agreed upon or determined through the review and challenge procedures outlined in these Protocols that is carried forward with interest to the subsequent True-Up Adjustment.

“Projected Annual Transmission Revenue Requirement” (“Projected ATRR”) means the Actual ATRR for the prior Calendar Year as adjusted to reflect the True-Up Adjustment and any Prior Period Adjustments.

“Protocols” means the Formula Rate implementation protocols set forth in Section 14.2.3.2 of this Attachment.

“Publication Date” means the date of the posting on the ISO website (in a workable Excel format with cell formulas and links intact) of the Annual Update. The Publication Date shall be no later than July 1st, provided, however, that if July 1st should fall on a weekend or a holiday recognized by FERC, then the posting or filing shall be due no later than the next business day, and the Publication Date shall correspond to the actual posting or filing date.

“Rate Year” means July 1st of a given Calendar Year through June 30th of the succeeding Calendar Year.

“Review Period” means the period during which an Interested Party may review the Annual Update calculations and make a Preliminary Challenge. The Review Period commences as of the calendar day immediately following the Publication Date and ends on the later of (1) January 15 following the Publication Date; (2) sixty (60) calendar days after the close of the Discovery Period; or (3) thirty (30) calendar days after NYPA has responded to all timely submitted information requests.

“True-Up Adjustment” means the amount of under- or over-collection of NYPA’s Actual ATRR during the preceding Calendar Year, measured by the difference between the Actual ATRR and the transmission revenues received by NYPA during the preceding Calendar Year, plus interest, as calculated on Schedule F3 of the Formula using the interest rates specified in 18 C.F.R. § 35.19a.

14.2.3.2.2 Annual Update Process

- (a) The Projected ATRR derived pursuant to the Formula Rate each year shall be applicable to services during the upcoming Rate Year.
- (b) On or before the Publication Date of each year, as part of the Annual Update Process, NYPA shall:
 - (i) Calculate the Actual ATRR for the preceding Calendar Year;

- (ii) Calculate the Projected ATRR, reflecting the True-Up Adjustment and any Prior Period Adjustments, for the upcoming Rate Year;
- (iii) Post on the ISO website (and on the NYPA website via a link to the ISO website):
 - (A) the Annual Update, including a data-populated Formula Rate Template and underlying workpapers in native “workable” Excel file format with all formulas and links intact;
 - (B) sufficiently detailed supporting documentation, including underlying data and calculations and a populated version of the NYPA Form 1 Equivalent, that explains the source and derivation of any data affecting the Formula that is not drawn directly from NYPA’s Financial Report, such that Interested Parties can replicate the calculation of the Formula results using the Financial Report and can verify that each input is consistent with the requirements of the Formula Rate;
 - (C) the date, time, location, and call-in information for the Open Meeting;
- (c) Within one (1) business day of the Publication Date, NYPA shall notify Interested Parties via the NYPA Exploder List of the posting of the Annual Update and the date, time, location, and call-in information for the Open Meeting.
- (d) The Annual Update for the Rate Year:
 - (i) Shall identify and provide a narrative explanation of Accounting Changes and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;

- (ii) Shall identify and provide a narrative explanation of any items included in the Formula at an amount other than on a historic cost basis (e.g., fair value adjustments), and their impacts on inputs to the Formula Rate or resulting charges billed under the Formula Rate;
- (iii) Shall be based on NYPA's Financial Report;
- (iv) Shall provide the Formula Rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used in the Formula Rate that are not otherwise available in the Financial Report;¹
- (v) Shall provide underlying data for Formula Rate inputs that provide greater granularity than is required for the Financial Report;
- (vi) Shall be subject to challenge and review in accordance with the procedures set forth in these Protocols;
- (vii) Shall not seek to modify the Formula Rate and shall not be subject to challenge by anyone seeking to modify the Formula Rate (i.e., all such modifications/amendments to the Formula Rate shall require, as applicable, a Section 205 or Section 206 filing with FERC);
- (viii) Shall identify any changes in the Formula references to NYPA's Financial Report;
- (ix) Shall identify all material adjustments made to NYPA's Financial Report data in determining Formula inputs, including relevant footnotes to the Financial Report and any adjustments not shown in the Financial Report; and

¹ It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be either taken directly from NYPA's

(x) Shall reflect any corrections or modifications to NYPA's Financial Report if said corrections or modifications are made prior to the Publication Date and would affect the True-Up Adjustment for a prior Rate Year. The True-Up Adjustment for each Rate Year(s) affected by the corrections or modifications shall be updated to reflect the corrected or modified Financial Report and the Annual Update and shall incorporate the changes in such True-Up Adjustment for the next effective Rate Year(s), with interest. Corrections or modifications to a Financial Report filed after the Publication Date of an Annual Update and not included in a revised Annual Update shall be incorporated in the next True-Up Adjustment or Annual Update, as applicable. NYPA shall report in a timely manner to the ISO and to Interested Parties, via the NYPA Exploder List, any corrections or modifications to its Financial Report, that affect the past or present implementation of the Formula Rate, whether such corrections or modifications have the effect of increasing or decreasing the resulting transmission rates.

(e) Joint Informational Meeting

NYPA shall endeavor to coordinate with other Transmission Owners and Other Developers using formula rates to recover the costs of transmission projects under the ISO OATT that utilize the same regional cost sharing mechanism and to hold annual joint informational meetings to enable all Interested Parties to understand how those Transmission Owners and Other Developers are implementing their formula rates for recovering the costs of such projects. No less than fifteen (15) calendar days prior to such meeting, NYPA

Financial Report or reconcilable to the Financial Report by the application of clearly identified

shall provide notice of the joint informational meeting, including the date, time, location, and call-in information, via the NYPA Exploder List and by posting this information on the ISO website (and on the NYPA website via a link to the ISO website). NYPA shall make the joint informational meeting remotely accessible to Interested Parties.

14.2.3.2.3 Annual Review Procedures

Each Annual Update shall be subject to the following Annual Review Procedures:

- (a) Discovery Period
 - (i) Interested Parties shall have up to one hundred twenty (120) calendar days after the Publication Date (unless such period is extended with the written consent of NYPA or by FERC order) to serve Information Requests on NYPA. If the deadline for Interested Parties should fall on a weekend or a holiday recognized by FERC, then Information Requests shall be due no later than the next business day. Such Information Requests shall be limited to what is or may reasonably be necessary to determine:
 - (A) The extent or effect of an Accounting Change;
 - (B) Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;
 - (C) The proper application of the Formula Rate and the procedures in these Protocols;
 - (D) The accuracy of data and consistency with the Formula Rate of the calculations included in the Annual Update (including the Actual ATRR,

and supported information.

Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;

(E) The prudence of the costs and expenditures included in the Annual Update under review, including information on procurement methods and cost control methodologies;

(F) The effect of any change to the underlying Uniform System of Accounts or the Financial Report; and

(G) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula Rate or aid in the understanding or derivation of such charge.

The Information Requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable under the FPA.

(ii) NYPA shall make a good faith effort to respond to Information Requests pertaining to the Annual Update within ten (10) business days of receipt of such requests. NYPA shall respond to all Information Requests submitted during the Discovery Period by no later than November 30 following the Publication Date, or thirty (30) calendar days after the close of the Discovery Period, whichever is later. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's responses to Information Requests shall be due no later than the next business day.

(iii) NYPA shall post all Information Requests, and NYPA's responses to Information Requests, on the ISO website and will distribute a link to the website to Interested Parties via the NYPA Exploder List; except, however, if responses to

Information Requests include material deemed by NYPA to be confidential, such information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by NYPA and the requesting party.

(iv) NYPA shall be precluded from claiming settlement privilege with respect to responses to Information Requests pursuant to these Protocols in any subsequent FERC proceeding addressing NYPA's Annual Update.

(v) To the extent NYPA and any Interested Party are unable to resolve disputes related to Information Requests submitted in accordance with these Protocols, NYPA or the Interested Party may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes, and compel the production of discovery, as appropriate, in accordance with these Protocols, and, if deemed appropriate, to extend the Discovery Period and Review Period to permit completion of the discovery process.

(vi) All information produced pursuant to these Protocols may be included in any Preliminary or Formal Challenge, in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA, or in any proceeding before the U.S. Court of Appeals to review a FERC decision involving the Formula Rate. NYPA may, however, designate any response to an Information Request as confidential if the information conveyed is not publicly available and if NYPA in good faith believes the information should be treated as confidential. Interested Parties' representatives shall treat such response as confidential in connection

with any of the proceedings discussed in this Section 14.2.3.2 of this Attachment; provided, however, that when so used, such response shall initially be filed under seal (unless the claim of confidentiality is waived by NYPA), subject to a later determination by the presiding authority that the material is, in whole or part, not entitled to confidential treatment.

(b) Challenges and Resolution of Challenges

(i) Any Interested Party shall have the duration of the Review Period to review the inputs, supporting explanations, allocations, and calculations, and to submit a Preliminary Challenge. The Review Period ends on the later of (1) January 15 following the Publication Date; (2) sixty (60) calendar days after the close of the Discovery Period; or (3) thirty (30) calendar days after NYPA has responded to all timely submitted information requests. If the deadline for Interested Parties to submit Preliminary Challenges should fall on a weekend or a holiday recognized by FERC, then Preliminary Challenges shall be due no later than the next business day. An Interested Party submitting a Preliminary Challenge must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge.

(ii) NYPA shall promptly post all Preliminary Challenges, and written responses by NYPA to Preliminary Challenges, on the ISO website and will distribute a link to the website to Interested Parties via the NYPA Exploder List; except, however, if Preliminary Challenges or responses to Preliminary Challenges include material deemed by NYPA to be confidential, such

information will not be publicly posted, but confidential information will be made available to requesting parties provided that a confidentiality agreement is executed by NYPA and the requesting party.

(iii) NYPA shall make a good faith effort to respond to a Preliminary Challenge within twenty (20) business days, and NYPA and any Interested Party raising a Preliminary Challenge shall attempt in good faith to resolve the Preliminary Challenge in a timely manner. Where applicable, NYPA shall appoint senior representatives to work with Interested Parties to resolve Preliminary Challenges. If NYPA disagrees with such challenge, NYPA will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. NYPA shall respond to all Preliminary Challenges submitted during the Review Period by no later than February 15 following the Publication Date or thirty (30) calendar days after the close of the Review Period, whichever is later. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's response to Preliminary Challenges shall be due no later than the next business day.

(iv) An Interested Party shall make a good faith effort to raise all issues in a Preliminary Challenge; however, the failure to raise an issue in a Preliminary Challenge shall not act as a bar to raising the issue in a Formal Challenge provided the Interested Party raised one or more other issues in a Preliminary Challenge.

(v) An Interested Party that submitted a Preliminary Challenge shall have until April 15 following the Publication Date or thirty (30) calendar days after NYPA makes its informational filing, whichever is later, to make a Formal Challenge with FERC, which shall be served on NYPA by electronic service on the date of such filing. If the deadline for Interested Parties should fall on a weekend or a holiday recognized by FERC, then Formal Challenges shall be due no later than the next business day. An Interested Party shall file a Formal Challenge in the new docket assigned to NYPA's informational filing. Nothing in this paragraph shall alter the rights of any party to file a complaint under Section 206 of the FPA regarding NYPA's Formula Rate.

(vi) Formal Challenges shall satisfy all of the following requirements²:

(A) Clearly identify the action or inaction which is alleged to violate the Formula Rate or Protocols;

(B) Explain how the action or inaction violates the Formula Rate or Protocols;

(C) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:

(1) The extent or effect of an Accounting Change;

(2) Whether the Annual Update fails to include data properly recorded in accordance with these Protocols;

² Requiring interested parties to satisfy filing requirements for formal challenges “does not improperly shift the burden of persuasion to interested parties.” See *Midcontinent Indep. Sys. Operator, Inc.*, 150 FERC ¶ 61,025 at P 51 (2015) (internal quotations omitted).

- (3) The proper application of the Formula Rate and procedures in these Protocols;
 - (4) The accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review;
 - (5) The prudence of actual costs and expenditures;
 - (6) The effect of any change to the underlying Uniform System of Accounts or the Financial Report; or
 - (7) Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.
- (D) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
- (E) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
- (F) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
- (G) State whether the filing party utilized the Preliminary Challenge procedures described in these Protocols to dispute the action or inaction raised by the Formal Challenge, and, if not, describe why not.

(vii) Any response by NYPA to a Formal Challenge must be submitted to FERC within thirty (30) calendar days following the date of the filing of the Formal Challenge and shall be served by NYPA on the filing party(ies) by electronic service on the date of such filing and shall also be sent to the NYPA Explorer List on the date of such filing. If the deadline should fall on a weekend or a holiday recognized by FERC, then NYPA's response to the Formal Challenge shall be due no later than the next business day.

(viii) Preliminary and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual Update fails to include data properly recorded in accordance with these Protocols; (3) the proper application of the Formula Rate and procedures in these Protocols; (4) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual Update (including the Actual ATRR, Projected ATRR, True-Up Adjustment, and any Prior Period Adjustment) under review; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or the Financial Report; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the Formula.

(ix) In any proceeding on a Formal Challenge, or proceeding initiated sua sponte by FERC challenging an Annual Update or an Accounting Change, NYPA shall bear the burden of proof, consistent with Section 205 of the FPA, with respect to the correctness of its Annual Update and/or the Accounting Change, and with respect to proving that it has correctly applied the terms of the Formula

Rate consistent with these Protocols. Nothing herein is intended to alter the burdens applied by FERC with respect to prudence challenges.³

(x) Failure to make a Preliminary Challenge or Formal Challenge as to any Annual Update shall not act as a bar to a Preliminary Challenge or Formal Challenge related to the same issue in any subsequent Annual Update to the extent such issue affects the subsequent Annual Update.

(c) Challenges to Accounting Changes

(i) Preliminary Challenges or Formal Challenges related to Accounting Changes are not intended to serve as a means of pursuing changes to the Formula Rate.

(ii) Failure to make a Preliminary Challenge with respect to an Accounting Change to an Annual Update shall not act as a bar with respect to making a Formal Challenge regarding the Accounting Change to that Annual Update, provided the Interested Party submitted a Preliminary Challenge with respect to one or more other issues. Nor shall failure to make a Preliminary Challenge or Formal Challenge with respect to an Accounting Change as to any Annual Update act as a bar to a Preliminary Challenge or Formal Challenge related to that Accounting Change in any subsequent Annual Update to the extent such Accounting Change affects the subsequent Annual Update.

³ See *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149 at P 121 (2013) (“[P]arties seeking to challenge the prudence of a transmission owner’s expenditures must first create a serious doubt as to the prudence of those expenditures before the burden of proof shifts to the transmission owner.”).

(iii) Preliminary Challenges or Formal Challenges related to Accounting Changes shall be subject to the procedures and limitations in Section 14.2.3.2.3(b) of this Attachment. It is recognized that resolution of Formal Challenges concerning Accounting Changes may necessitate adjustments to the Formula input data for the applicable Annual Update or changes to the Formula to achieve a just and reasonable end result consistent with the intent of the Formula.

14.2.3.2.4 Changes Pursuant to Annual Update Process

Any changes to the data inputs, including but not limited to revisions to NYPA's Financial Report, or as the result of any FERC proceeding to consider the Annual Update, or as a result of the Annual Review Procedures set forth herein, shall be incorporated into the Formula and into the charges produced by the Formula (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year as a Prior Period Adjustment. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any associated refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. § 35.19a) shall be made, as appropriate, in the event that the Formula Rate is replaced by a stated rate for NYPA.

14.2.3.2.5 Changes to the Formula Rate

(a) Any modification to the Formula or to these Protocols requires a filing under FPA Section 205 or Section 206. The following Formula inputs shall be stated values to be used in the Formula until changed pursuant to an FPA Section 205 or Section 206 proceeding: (i) rate of return on common equity; (ii) Post-Retirement Benefits other than Pensions ("PBOPs") expense; (iii) the depreciation and/or amortization rates as set forth in Schedule B3 to the Formula; and (iv) the caps on

the equity percentage component of NYPA's capital structure for the Marcy-South Series Compensation Project (53% equity) and the assets recovered through the NTAC (50% equity).

- (b) Except as specifically provided herein, nothing in these Protocols shall be deemed to limit in any way (i) the right of NYPA to file unilaterally, pursuant to Section 205 of the FPA and the regulations thereunder, to change the Formula Rate or any of its stated inputs or to replace the Formula Rate with a stated rate, or (ii) the right of any other party to challenge inputs to, or the implementation of, or to request changes to, the Formula Rate pursuant to Section 206, or any other applicable provision, of the FPA and the regulations thereunder.
- (c) NYPA may, at its discretion and at a time of its choosing, make a limited filing pursuant to Section 205 to change stated values in the Formula Rate for amortization/depreciation rates and PBOPs expense. The sole issue in any such limited Section 205 filing shall be whether such proposed changes or recovery are just and reasonable, and shall not include other aspects of the Formula Rate.

14.2.3.2.6 Informational Filing

By March 15 following the Publication Date or by sixty (60) calendar days following the close of the Review Period, whichever is later, NYPA shall submit to FERC an informational filing of its Annual Update for the Rate Year. If the deadline should fall on a weekend or a holiday recognized by FERC, then the informational filing shall be due no later than the next business day. Within one (1) business day of submitting the informational filing, NYPA shall notify Interested Parties via the NYPA Exploder List that it has made its informational filing, and shall post the docket number assigned to the informational filing on the ISO website. This

informational filing must include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying schedules and workpapers; (2) that NYPA has properly applied the Formula and these Protocols; (3) the accuracy of data and the consistency with the Formula Rate of the Actual ATRR, Projected ATRR (including any True-Up Adjustment and Prior Period Adjustments), and rates under review; (4) the extent and effects of Accounting Changes that affect Formula inputs; and (5) the reasonableness of projected costs. The informational filing must also describe any corrections or adjustments made during the Review Period or as a result of the Preliminary Challenge process, and must describe all aspects of the Annual Update or its inputs that are the subject of an ongoing dispute under the Preliminary Challenge procedures. Any challenges to the implementation of the Formula must be made through the annual review and challenge procedures described in these Protocols or in a separate complaint proceeding, and not in response to the informational filing.

14.2.3.2.7 Bounds on NTAC Recovery of Capital Expenditures

The following terms, for the purposes of this Section 14.2.3.2.7, shall be defined as follows:

“Annual Incremental Capital Expenditures” means incremental capital expenditures incurred during a calendar year irrespective of whether the plant that is the product of these capital expenditures has been placed in service during the calendar year, except that (i) capital expenditures for Repairs or Replacements, (ii) capital expenditures for projects meeting the requirements of Section 14.2.3.2.7(a)(ii)(b), and (iii) capital expenditures for projects meeting the requirements of Section 14.2.3.2.7(a)(iv), shall not be included as “Annual Incremental Capital Expenditures” and shall not be counted against the \$40 million annual cap described in Section 14.2.3.2.7(a)(iii).

“Substantive Cost Allocation Order” means an order from which rehearing may be sought on the issue of cost recovery for the purposes of Section 14.2.3.2.7(b)(x) (i.e., an order accepting a cost allocation without setting the matter for hearing, an order approving a settlement agreement

stipulating a cost allocation for the contested project, or an order on exceptions to an initial decision following an evidentiary hearing; but not a tolling order or some other procedural order that refers the issue of cost allocation for a hearing or settlement judge procedures).

“Gross ATRR for the Major Y-49 Reconstruction or Replacement” means the ATRR attributable to the Major Y-49 Reconstruction or Replacement, including but not limited to return on rate base, depreciation expense, operation and maintenance expense, and allocated administrative and general costs.

“Major Y-49 Reconstruction or Replacement” means a major reconstruction or replacement of the Y-49 Facility with a projected capital cost of greater than \$150 million in 2016 dollars (as adjusted annually by the Consumer Price Index).

“Moses to Adirondack Line” means the Moses-Adirondack 1 and 2 transmission lines that originate at the Moses Switchyard at the St. Lawrence-FDR project in Massena, New York and continue south to the NYPA Adirondack switching station in Croghan, New York for a distance of approximately 85 miles. The lines consist of eight miles of double circuit steel lattice structures and seventy-seven miles of single circuit wooden H-frame structures.

“NYPA Backbone System” means the facilities that are listed and defined in Exhibit C to the settlement approved by the Commission in Docket No. ER16-835-000. This list of facilities that comprise the NYPA Backbone System is not anticipated to be static, and will be updated periodically to include, for example, projects NYPA is required to construct as contemplated by Section 14.2.3.2.7(a)(iv) below.

“NYPA-LIPA Y-49 Contract” means the existing 1987 contract for the sale of transmission service on the Y-49 Facility by NYPA to LIPA.

“Remaining Y-49 ATRR” has the meaning set forth in Section 14.2.3.2.7(a)(ii)(a)(i) of this Attachment.

“Repair or Replacement” means any capitalized repair or replacement of an existing NYPA transmission facility that comprises a part of the NYPA Backbone System provided that the repair or replacement, to the extent it involves installation of new equipment, utilizes items with substantially the same capacity rating as the existing equipment (or that any increase in facility rating is limited to the smallest change possible with commercially available replacements, or is no more costly than the price of a like-for-like replacement plus 10%).

“Voting Member Systems” means: (1) Central Hudson Gas and Electric Corporation; (2) Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. (as a single Voting Member System); (3) Niagara Mohawk Power Corporation d/b/a National Grid;

(4) New York State Electric and Gas Corporation and Rochester Gas and Electric Corporation (as a single Voting Member System); and (5) Long Island Power Authority.

“Y-49 Facility” means the Y-49 transmission facility interconnecting Westchester County, New York and Long Island that is included as part of the NYPA Backbone System as reflected in Exhibit C to the settlement approved by the Commission in Docket No. ER16-835-000.

“Y-49 TCC Revenue” means revenue related to Transmission Congestion Contracts (“TCCs”) associated with the Y-49 Facility.

(a) Cap on New NTAC Capital Expenditures

(i) As provided in Section 14.2.2.2 of this Attachment, the NTAC allows NYPA to recover the portion of NYPA’s ATRR that is not recovered via existing customer transmission service agreements or from other revenue streams identified in the NTAC Formula described in Section 14.2.2.2.1 of this Attachment. The following provisions in this Section 14.2.3.2.7 shall apply only to the NYPA Backbone System. No other NYPA capital expenditures, other than those contemplated by this Section 14.2.3.2.7, may be recovered via the NTAC absent express approval by FERC, subject to Section 14.2.3.2.7(b)(x) below.

(ii) Capitalized expenditures incurred by NYPA that may be recovered through the NTAC without Voting Member System review and approval, as described in Section 14.2.3.2.7(b) below, are:

(a) Any Repair or Replacement provided that the estimated project cost of any such Repair or Replacement is less than \$90 million in 2016 dollars (as adjusted annually using the Consumer Price Index), except that the Y-49 Facility and the Moses to Adirondack Line will be treated as follows:

(i) With respect to the Y-49 Facility, after the date that the NYPA-LIPA Y-49 Contract is terminated, the cost of normal repairs and

maintenance of the Y-49 Facility will be included in the NTAC, subject to the otherwise applicable provisions of this Section 14.2.3.2.7(a), along with revenue credits related to Y-49 TCC Revenue. However a major reconstruction or replacement shall be treated as follows: whether or not the NYPA-LIPA Y-49 Contract has been terminated, the first year a Major Y-49 Reconstruction or Replacement appears in NYPA's five-year capital expenditure plan (described in Section 14.2.3.2.7(b) below), NYPA will initiate an FPA section 205 proceeding to determine whether the Major Y-49 Reconstruction or Replacement, as proposed or as NYPA may modify it on its own or in response to issues raised by other parties, is a prudent investment and, if so, the appropriate allocation of project costs that are not otherwise recoverable through the NTAC. After the date that the NYPA-LIPA Y-49 Contract is terminated, and if the Major Y-49 Reconstruction or Replacement is found prudent by FERC in that section 205 proceeding, the parties agree that (a) unless reduced by the formula below, \$20 million in 2016 dollars (as adjusted annually by the Consumer Price Index) of ATRR attributable to the Major Y-49 Reconstruction or Replacement cost shall be automatically recovered in the NTAC but only after the later of the NYPA-LIPA Y-49 Contract's expiration or the in-service date of the Major Y-49 Reconstruction or Replacement; and (b) the allocation of the Remaining Y-49 ATRR shall be in accord with the result of the section 205 proceeding. For purposes of this provision, the Remaining Y-49 ATRR shall be calculated annually after the later of the NYPA-LIPA Y-49 Contract's expiration or the in-service date of the Major Y-49 Reconstruction or Replacement as:

Remaining Y-49 ATRR = (Gross ATRR for the Major Y-49 Reconstruction or Replacement) – (Y-49 TCC Revenue) – (\$20 million + Consumer Price Index adjustment)

To the extent the Remaining Y-49 ATRR is negative it shall be applied to the NTAC ATRR. For the avoidance of doubt, there shall be no double-crediting of the same Y-49 TCC Revenue between (i) the above “Remaining Y-49 ATRR” formula, and (ii) the first sentence of this Section 14.2.3.2.7(a)(ii)(a)(i), which requires NYPA to include revenue credits related to Y-49 TCC Revenue in the NTAC after the date that the NYPA-LIPA Y-49 Contract is terminated. If the Remaining Y-49 ATRR is positive, it will be recovered pursuant to the project-specific cost allocation determined in the section 205 proceeding described above and included in this Tariff.

(ii) With respect to the Moses to Adirondack Line, reconstruction or complete replacement of that line will be subject to a Voting Member System vote as described in Section 14.2.3.2.7(b). Repairs and maintenance-type replacement of the Moses to Adirondack Line will be subject to the otherwise applicable limitations of this Section 14.2.3.2.7(a).

(b) Emergency projects undertaken in response to damage caused by storms, vandalism, or terrorism, or in response to any force majeure events. Where appropriate, NYPA will apply for Federal Emergency Management Agency (“FEMA”) reimbursement for such projects, and any FEMA or insurance reimbursements shall be applied to the NTAC as a credit against the cost of such projects.

(iii) For capital expenditures related to the NYPA Backbone System that do not meet the requirements of Section 14.2.3.2.7(a)(ii) above or Section 14.2.3.2.7(a)(iv) below, NYPA's Annual Incremental Capital Expenditures that may be recovered through the NTAC, absent Voting Member System review and approval, are capped at \$40 million in 2016 dollars (as adjusted annually using the Consumer Price Index).

(iv) Any capital expenditures related to the NYPA Backbone System incurred (i) as a result of directives issued by NERC, FERC, the New York State Reliability Council, or in compliance with the ISO OATT or manuals to build, maintain, or operate required interconnections of a generation or transmission facility, except for the costs that have been otherwise recovered from third parties such as generator or transmission developers or insurance companies or, (ii) as a result of directives issued by some other regulatory agency in the event that, due to changes in the New York Public Authorities Law or other legislative action, such regulatory agency obtains legal authority to order NYPA to undertake capital projects, shall be excluded from Voting Member System review and approval and excluded from the \$40 million annual cap described in Section 14.2.3.2.7(a)(iii) above. For the avoidance of doubt, future capital expenditures in such facilities will be subject to this Section 14.2.3.2.7(a).

(b) Voting Member System Review of Expenditures that Exceed Applicable Caps Described in Section 14.2.3.2.7(a)

(i) NYPA will conduct an annual meeting, on no less than three weeks' advance notice to the Voting Member Systems and other Interested Parties that

have subscribed to the NYPA Exploder List, at which it will present to the Voting Member Systems and other Interested Parties a five-year capital expenditure plan. This meeting will occur prior to the commencement of the Annual Update Process described in these Protocols. NYPA may conduct additional meetings on no less than three weeks' advance notice to the Voting Member Systems and other Interested Parties that have subscribed to the NYPA Exploder List.

(ii) NYPA's presentation of the capital expenditure plan will identify for each project under construction or anticipated to begin construction within the five-year planning horizon:

- (a) Description of the project;
- (b) Total project cost;
- (c) Anticipated start and end date of construction;
- (d) Whether the project is a Repair or Replacement of a NYPA

Backbone System facility; and

(e) Whether the project is subject to any of the exclusions identified in Section 14.2.3.2.7(a) above.

(iii) The Voting Member Systems and other Interested Parties may issue data requests concerning NYPA's capital expenditure plan for forty (40) calendar days following the annual capital expenditure plan meeting, and NYPA will make commercially reasonable efforts to respond within fourteen (14) calendar days of receipt of a data request.

(iv) (a) If the capital expenditure plan as presented by NYPA, or in the opinion of the Voting Member Systems, includes (i) a Repair or Replacement that

exceeds \$90 million (as adjusted annually using the Consumer Price Index); (ii) a suite of projects subject to Section 14.2.3.2.7(a)(iii) above for which NYPA plans to spend more than \$40 million (as adjusted annually using the Consumer Price Index) in a single calendar year; or (iii) a project that NYPA proposes to recover through the NTAC which the Voting Member Systems believe is not related to the NYPA Backbone System, the Voting Member Systems must notify NYPA of their intent to vote on whether to allow NYPA to recover in the NTAC any project or suite of projects meeting the criteria above within sixty (60) calendar days of the publication of the capital expenditure plan that first identifies the project or annual suite of projects, with a vote to occur within thirty (30) calendar days after such notification. The Voting Member Systems must notify NYPA of the outcome of the vote by the end of the next business day after such vote is made.

(b) Subject to Section 14.2.3.2.7(b)(ix) below, and with regard to a project or suite of projects for which the Voting Member Systems have provided timely notice to NYPA under Section 14.2.3.2.7(b)(iv)(a), a 3/5 majority vote in favor is required for NYPA to recover the costs of such project or suite of projects contained in the capital expenditure plan through the NTAC. The five Voting Member Systems shall have one vote each.

(v) If the Voting Member Systems elect not to vote on a Repair or Replacement that exceeds \$90 million (as adjusted annually using the Consumer Price Index), or an annual suite of projects under Section 14.2.3.2.7(a)(iii) that exceeds \$40 million (as adjusted annually using the Consumer Price Index), or

3/5 of the Voting Member Systems vote to approve the Repair or Replacement or annual suite of projects, then no further voting shall be permitted with respect to such Repair or Replacement or annual suite of projects and NYPA shall recover the cost of such Repair or Replacement or suite of projects through the NTAC subject to the Annual Update Process set forth in these Protocols. This provision shall not apply to Repairs or Replacements or annual suites of projects that are modified in a subsequent five-year capital expenditure plan where such modification would either (i) change the categorization of a project or suite of projects under Section 14.2.3.2.7(a); or (ii) would result in a 10% increase in the original project costs the Voting Member Systems previously had a right to vote on, and either approved or elected not to vote on.

(vi) If 3/5 of the Voting Member Systems vote against allowing NTAC recovery of a NYPA project or suite of projects meeting the criteria set forth in 14.2.3.2.7(b)(iv)(a), the Voting Member Systems that voted against NTAC recovery must provide a written statement explaining their rationale for their negative votes within sixty (60) calendar days of notifying NYPA of the outcome of the vote. Such rationale may include, but is not limited to, whether those Voting Member Systems voting against the project believed the project or suite of projects in question: (i) was segmented; (ii) is inconsistent with good utility practice; (iii) should be expanded beyond Repair or Replacement and submitted as a project fitting the definition of one of the categories of projects identified in the ISO's Comprehensive System Planning Process; (iv) has costs that have been improperly estimated or are too high; and/or (v) has been inaccurately categorized

by NYPA as a Repair or Replacement (for projects subject to the \$90 million cap). The Voting Member Systems will not assert that a project is not a Repair or Replacement where the New York Public Service Commission has determined that a project is a Repair or Replacement in response to a petition for a declaratory ruling from NYPA with prior notice to the Voting Member Systems. The explanation of any “no” vote with respect to a suite of projects exceeding the limit prescribed in Section 14.2.3.2.7(a)(iii) could include a description of one or more specific objectionable projects.

(vii) NYPA shall have the opportunity to submit a revised package of capital expenditures in response to a “no” vote by the Voting Member Systems. If a revised package is submitted, the Voting Member System voting process described above shall be repeated starting with Section 14.2.3.2.7(b)(iii) above.

(viii) In the event of a “no” vote, the Voting Member Systems and NYPA agree to convene a meeting that includes senior management within sixty (60) calendar days of the Voting Member Systems providing NYPA with a written explanation of the vote.

(ix) NYPA may make a filing at FERC to include capital expenditures rejected by 3/5 of the Voting Member Systems in the NTAC ATRR. In any such proceeding, NYPA would bear the burden of demonstrating (i) that its proposed rate treatment and cost allocation is just and reasonable, (ii) that the reasons offered by the Voting Member Systems for voting against the project or suite of projects are arbitrary, unduly discriminatory, or otherwise not supported by substantial evidence, and (iii) that the proposed costs are eligible to be recovered

using the NTAC. The settlement in Docket No. ER16-835-000 shall not preclude or inhibit the ability of a party to that settlement to submit comments or protests on any such filing by NYPA.

(x) If NYPA makes a filing as contemplated in Section 14.2.3.2.7(b)(ix) above, NYPA shall not be entitled to recover the costs of any such project or suite of projects through the NTAC until FERC issues a Substantive Cost Allocation Order and subject to any adjustments directed by FERC in such Substantive Cost Allocation Order; provided, however, if a Substantive Cost Allocation Order has not been issued as of a contested project's in-service date, NYPA shall record the expenses and return related to any such project or projects in a regulatory asset, with carrying costs accruing at NYPA's weighted average cost of capital as determined by the Formula Rate Template. Such costs may be amortized and recovered over the useful life of the project once FERC issues a Substantive Cost Allocation Order approving NTAC recovery for the project or directing NYPA to recover the costs of the project according to some other allocation, subject to any adjustments directed by FERC.

14.2.3.2.8 Costs Excluded from Formula Rate

Costs allocated to NYPA as a part of PJM Interconnection, L.L.C.'s Regional Transmission Expansion Plan, and costs and expenses related to the New York State Canal Corporation, shall be excluded from recovery under the Formula Rate.

14.2.3.2.9 AC Project Segment A Cost Containment

A. Definitions

1. “Segment A Project” shall mean the various components of the double-circuit Marcy to New Scotland project proposed jointly by LSPGNY and NYPA that was selected by the ISO Board of Directors as the more efficient or cost-effective transmission solution from the competing projects to address the public policy-based transmission need to increase Central East transfer capability by at least 350 MW and identified in a decision and Public Policy Transmission Planning Report issued April 8, 2019 (i.e., the project was identified therein as “Project T027”).
2. “LSPGNY” shall mean LS Power Grid New York Corporation I, the joint developer with NYPA of the Segment A Project.
3. “NYPA Segment A Project” shall mean the portion of the Segment A Project owned by NYPA.
4. “Other Project Capitalized Costs” are capitalized costs incurred other than to develop, construct, and place the Segment A Project in service, such as capitalized spare parts, and are recoverable in the Formula Rate.
5. “Third Party Costs” are costs that result from: (i) ISO modifications or further ISO requirements, including interconnection costs and upgrades resulting from the ISO interconnection process; (ii) payments to an incumbent transmission owner, including real estate-related costs incurred in any lease arrangements, purchases related to the acquisition of rights-of-way or access to rights-of-way, purchases of rights to access utility facilities and payments for assets to be retired; (iii) increased costs, such as costs incurred related to the rescheduling of outages or the relocation of utility assets, due to an action or inaction by the incumbent transmission owner and that are beyond the ability of NYPA to control or mitigate; or (iv) all sales and property taxes. Third Party Costs are

recoverable in the Formula Rate and includable in FERC Account 107 during construction and the appropriate account after being placed in service.

6. “Project Costs” are all capital costs incurred to develop, construct, and place the Segment A Project in service, excluding Third Party Costs, Project Development Costs, Other Project Capitalized Costs, and Unforeseeable Costs in excess of 5% of the Cost Cap (as defined below).

7. “Project Development Costs” are costs incurred for the Segment A Project prior to its selection by the ISO Board of Directors, were not included in the Capital Cost Bid submitted to the ISO, are not subject to the Cost Cap (as defined below), and are recoverable in the Formula Rate.

8. “Unforeseeable Costs” shall mean costs and savings that, with the exercise of commercially reasonable due diligence, could not have been anticipated at the time the Capital Cost Bid for the Segment A Project was submitted to the ISO on April 29, 2016. Unforeseeable Costs in excess of 5% of the Cost Cap are recoverable in the Formula Rate. Unforeseeable Costs are costs:

(a) Associated with material modifications to the routing or scope of work of the Segment A Project that results from a PSC order, negotiation, or settlement agreements within the siting process, or are imposed or required by any other governmental agency. For the avoidance of doubt, foreseeable obligations as included in the New York State Article VII certificate application, or non-material obligations imposed upon LSPGNY and NYPA as a normal part of the siting process, shall not be deemed to be Unforeseeable Costs;

(b) Associated with changes in applicable laws and regulations, or interpretations thereof by governmental agencies;

(c) As a result of orders of courts or action or inaction by governmental agencies;

or

(d) related to destruction, damage, interruption, suspension, or interference of or with the Segment A Project caused by landslides, lightning, earthquakes, hurricanes, tornadoes, severe weather, fires, explosions, floods, epidemics, acts of public enemy, acts of terrorism, wars, blockades, riots, rebellions, sabotage, insurrections, environmental contamination or damage, or strike, provided that (i) the cause was not reasonably within the control of LSPGNY or NYPA, (ii) LSPGNY and NYPA made reasonable efforts to avoid or minimize the adverse impacts of any of the above-listed events, and (iii) LSPGNY and NYPA took reasonable steps to expeditiously resolve the event after it occurred.

9. “Capital Cost Bid” is defined as the bid submitted by LSPGNY and NYPA to the ISO on April 29, 2016 for the Segment A Project.

B. Return on Equity Incentive Adders

For the NYPA Segment A Project, a 100 basis point (“bp”) adder to the base return on equity (“ROE”) will apply to Project Costs incurred up to the Cost Cap (as defined in Section 14.2.3.2.9.C below). A 100 bp ROE adder shall also apply to Unforeseeable Costs (that are more than five (5) percent of the Cost Cap), Third Party Costs, and Project Development Costs. The 100 bp consists of (1) a 50 bp incentive adder for RTO participation authorized by the Commission in Docket No. ER16-835, 154 FERC ¶ 61,268 at PP21-22 (2016) and that was subject to negotiation, compromise and

adoption in the uncontested settlement in the same proceeding (Offer of Settlement, § 3.1 (filed September 30, 2016)), and (2) a 50 bp incentive adder for risks and challenges in developing the Segment A Project authorized in Docket No. EL19-88, 169 FERC ¶ 61,125 at P 37 (2019).

C. Cost Cap, Cost Containment and Risk Sharing

A Cost Cap equal to \$189,900,000 (“Cost Cap”) shall apply to the NYPA Segment A Project. All prudently incurred costs below the Cost Cap are fully recoverable in the Formula Rate, including with respect to the base ROE, ROE incentive adders (as described in Section 14.2.3.2.9.B), depreciation, and debt costs. The following cost containment provisions (“Cost Containment Mechanism”) apply for the life of the Segment A Project. The Cost Containment Mechanism applies to NYPA’s share of Project Costs as follows:

1. Cost Containment Mechanism For Prudently Incurred Actual Project Costs Above Cost Cap
 - a. 20% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE on the equity portion of such costs, but NYPA will be allowed to recover the associated depreciation and debt cost.
 - b. 80% of any prudently incurred Project Costs above the Cost Cap that are subject to the Cost Containment Mechanism will not earn any ROE incentive adders (as described in Section 14.2.3.2.9.B) on the equity portion of such costs, but NYPA will be allowed to earn the base ROE, associated depreciation, and debt cost.
2. Additional ROE Adder for Actual Project Costs Below the Cost Cap

a. For purposes of providing an incentive to reduce costs, NYPA may utilize an additional ROE adder when the actual Project Costs are below the “Adjusted Cost Cap.”

b. The Adjusted Cost Cap shall be \$156,600,000.

3. NYPA will receive an additional ROE adder, as set forth in Table A below, when prudently incurred Project Costs are less than the Adjusted Cost Cap:

TABLE A	
Project Costs Below Adjusted Cost Cap	ROE Adder
0% to <=5%	0.05%
>5% to <=10%	0.17%
>10% to <=15%	0.30%
>15% to <=20%	0.45%
>20% to <=25%	0.62%
>25%	0.71%

14.3 Attachment H-1 - List of Member Systems' Pre-OATT Grandfathered Agreements Shown on Attachment L and Revenues which are Treated as Revenue Credits in Developing the R Component of each Company TSC Rate

14.3.1 LIPA

LIPA made an adjustment in the form of a revenue credit to reduce its revenue requirement by 4,282,350 reflecting the projected revenues it expects to receive in 1999 from grandfathered non-OATT transmission services provided to the New York Power Authority on behalf of its three Long Island municipal utilities and its Economic Development Power Customers, and LIPA's two Municipal Distribution Agencies Customers on Long Island.

Contract No. in Attachment L	Customer
65	Munis on Long Island
74	MDA on LI
75	EDP on LI
76	Brookhaven
77	Grumman

14.3.2 Orange and Rockland

Rate Schedule 50	Contract No. In Attachment L 108	Service to NYPA on behalf of Out- of-State Munis NJ	Revenues \$121,475
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14.3.3 RG&E

RG&E has no revenue from pre-OATT grandfathered agreements treated as revenue credits in the development of RG&E's RR component.

14.3.4 NYSEG

Customer	Treatment	FERC Rate Schedule	Contract No. in Attachment L	Annual Revenue
Delaware Coop	Coop	67, 70, 80	88, 154	390,435
Marathon	In-State Muni	67,70,80	87, 153	153,492
Oneida-Madison Coop	Coop	67, 70, 80	88, 154	89,274
Otsego Coop	Coop	67, 70, 80	88, 154	396,234
Penn Yan	In-State Muni	67, 70, 80	87, 153	566,549
Steuben Coop	Coop	67, 70, 80	87, 153	514,367
Watkins Glen	In-State Muni	67, 70, 80	87, 153	343,221
Gilboa	MWA	54	48	\$432,000
Mohansic-Wheeling	Facilities Agreement	87	5	\$659,443

Revenues from the above grandfathered agreements are treated as credits to the Revenue Requirement in the development of NYSEG's TSC.

14.3.5 Central Hudson

<u>Rate Schedule</u>	<u>Contract No. In Attachment L</u>	<u>Tariff Sheet No</u>
22	20g	524
49	20h	524
26	21	524
51	31b	525
32	41	525
65	55a	526
73 (Should be 68)	73	527
73 (Should be 69)	108b	532
73 (Should be 69)	150b	533

Revenues for the above grandfathered agreements (total \$568,499) are based on the 1995 test year.

14.3.6 Con Edison

Pre-OATT Grandfathered Agreements in Attachment L that are included in Con Edison's RR component and are not considered at risk by the Company at this time

<u>Contract No. in</u> <u>Attachment L</u>	<u>FERC Rate Schedule No.</u>	<u>Delivery For</u>	<u>Revenues¹</u> <u>(\$x1000)</u>
76	60	NYPA - Brookhaven	609
12	117	LIPA - Fitzpatrick	1,665
16	117	LIPA - Nine Mile	2,643
17	94	LIPA - Gilboa	1,465
		St./Brewster	

¹ Revenues based on 1995 Test Year Data

14.3.7 Niagara Mohawk Power Corporation

Attachment L Table 1A Contract No.

Rate Schedule No.	Customer
82, 84,86, 151, 152, 155-158/204	NYPA IS Munis
98/136	NFTA
66/134	Festival of Lights
109, 110, 112, 113/138	NYPA OOS Munis -
57/180	NYPA C-V-J
Attachment L Table 2 No.	RG&E Clyde
19/58	
49/176	RG&E Agreement
1/141	CH 9M2
2/128	CH Gilboa
Attachment L Table 2 No.	CH N. Catskill
4/55	
12/142	LILCO B Fitz
16/142	LILCO - 9M2
19, 20/165	NYSEG
Contract No. yet to be designated/174	Watertown
105/172	Lockport
104/171	Selkirk
102/178	Sithe
103/175	Indeck

Niagara Mohawk made an adjustment in the form of a revenue credit to reduce its revenue requirement by \$69,016.475

**20 Attachment N – Congestion Settlements Related to the Day-Ahead Market and TCC
Auction Settlements**

20.1 Overview and Definitions

20.1.1 Overview

This Attachment N describes the Congestion settlements related to the Day-Ahead Market and the settlements related to Centralized TCC Auctions and Reconfiguration Auctions. Congestion Rent settlements for Real-Time Market Energy Transactions or Bilateral Transactions scheduled in the Real-Time Market are not addressed in this Attachment N.

Section 20.2 addresses the Congestion settlements related to each hour of the Day-Ahead Market. These settlements include, as applicable pursuant to this Attachment N, charges or payments for Congestion Rents for Energy Transactions in the Day-Ahead Market and for Bilateral Transactions scheduled in the Day-Ahead Market, and settlements with Primary Holders of TCCs. In addition, these settlements include, as applicable pursuant to this Attachment N, O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments. The ISO shall allocate to Transmission Owners the net of all of these settlements as Net Congestion Rents as described in this Attachment N.

Section 20.3 addresses the settlements in each round of each Centralized TCC Auction and in each Reconfiguration Auction. These settlements include, as applicable pursuant to this Attachment N, charges or payments to purchasers of TCCs, charges or payments to Primary Holders selling TCCs, payments to Transmission Owners in a Centralized TCC Auction for ETCNL released into the Centralized TCC Auction, and payments to Transmission Owners for Original Residual TCCs that are released into the Centralized TCC Auction. In addition, these settlements include, as applicable pursuant to this Attachment N, O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus

Payments, and U/D Auction Revenue Surplus Payments. The ISO shall allocate to Transmission Owners the net of all of these settlements as Net Auction Revenue as described in this Attachment N.

Section 20.4 addresses the allocation of revenue from the initial award and annual renewals of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT). The ISO shall allocate such revenues to Transmission Owners as described in this Attachment N.

Section 20.5 addresses the allocation of revenue from initial awards and renewals of Non-Historic Fixed Price TCCs. The ISO shall allocate such revenues to Transmission Owners as described in this Attachment N.

Provisions of this Attachment N applicable to a transmission facility outage or return-to-service shall not apply to a transmission facility derating or uprating. Charges and payments under this Attachment N shall be made to a Transmission Owner for a transmission facility derating or uprating only as specified in Sections 20.2.4.3 and 20.3.6.3.

This Attachment N shall not apply to the obligation to pay an outage charge which obligation attaches to persons or entities not otherwise subject to Section 20.2.5 of this Attachment N that own an Expansion (or a portion of an Expansion) associated with a temporary or final award of Incremental TCCs or which has been assigned Incremental TCCs related to an Expansion which Expansion is modeled as wholly or partially out of service for any hour in the Day-Ahead Market which obligation to pay to the ISO an outage charge shall be determined pursuant to Attachment M to the ISO OATT.

Unless expressly provided for otherwise in the ISO Tariffs, such as in a rate schedule, this Attachment N shall apply to the Member Systems. This Attachment N shall only apply to

Transmission Owners other than the Member Systems to the extent that the ISO Tariffs, such as in a rate schedule, do not provide otherwise.

20.1.2 Defined Terms Used in Attachment N

Capitalized terms used in this Attachment N shall have the meaning specified below in this Section 20.1.2, and capitalized terms used in this Attachment N but not defined below shall have the meaning given to them in Section 1 of the ISO OATT:

Actual Qualifying Auction Derating: As defined in Section 20.3.6.3.1.

Actual Qualifying Auction Outage: As defined in Section 20.3.6.2.1.

Actual Qualifying Auction Return-to-Service: As defined in Section 20.3.6.2.1.

Actual Qualifying Auction Up-rating: As defined in Section 20.3.6.3.1.

Actual Qualifying DAM Derating: As defined in Section 20.2.4.3.1.

Actual Qualifying DAM Outage: As defined in Section 20.2.4.2.1.

Actual Qualifying DAM Return-to-Service: As defined in Section 20.2.4.2.1.

Actual Qualifying DAM Up-rating: As defined in Section 20.2.4.3.1.

Auction Constraint Residual: The dollar value associated with a Constraint that is binding for a round of a 6-month Sub-Auction of a Centralized TCC Auction or a given month covered by a Reconfiguration Auction, which is calculated pursuant to Section 20.3.6.1.

Auction Status Change: Any of the following: Qualifying Auction Outage, Qualifying Auction Derating, Qualifying Auction Return-to-Service, or Qualifying Auction Up-rating.

Centralized TCC Auction Interface Uprate/Derate Table: The interface derate table posted on the ISO website prior to a given Centralized TCC Auction specifying the impact on transfer

limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for a Sub-Auction of a Centralized TCC Auction.

DAM Constraint Residual: The dollar value associated with a Constraint that is binding for an hour of the Day-Ahead Market, which is calculated pursuant to Section 20.2.4.1.

DAM Status Change: Any of the following: Qualifying DAM Outage, Qualifying DAM Derating, Qualifying DAM Return-to-Service, or Qualifying DAM Upgrading.

DCR Allocation Threshold: Five thousand dollars (\$5,000), except that this amount shall be reduced for any given month to the extent necessary so that the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that are less than the DCR Allocation Threshold is not greater than either two hundred and fifty thousand dollars (\$250,000) or five percent (5%) of the sum of all DAM Constraint Residuals for the month (for all binding constraints and for all hours of the month) that would have been calculated if the DCR Allocation Threshold were set equal to zero.

Deemed Qualifying Auction Derating: As defined in Section 20.3.6.3.1.

Deemed Qualifying Auction Outage: As defined in Section 20.3.6.2.1.

Deemed Qualifying Auction Return-to-Service: As defined in Section 20.3.6.2.1.

Deemed Qualifying Auction Upgrading: As defined in Section 20.3.6.3.1.

Deemed ISO-Directed Auction Status Change: Any of the following: (1) an Actual Qualifying Auction Return-to-Service for a given month covered by a Reconfiguration Auction that occurs for a transmission facility that, in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), was a Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying Auction Upgrading for a given month covered by a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), qualified as a Qualifying Auction Outage or Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying Auction Derating for a given month covered by a Reconfiguration Auction that occurs as a result of an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service of a transmission facility that, in the last

Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change.

Deemed ISO-Directed DAM Status Change: Any of the following: (1) an Actual Qualifying DAM Return-to-Service for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), was an Actual Qualifying Auction Outage that qualified as an ISO-Directed Auction Status Change; (2) an Actual Qualifying DAM Upgrading for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change; or (3) an Actual Qualifying DAM Derating for an hour of the Day-Ahead Market that occurs for a transmission facility that, for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid during the relevant hour, then the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour), qualified as an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service that was an ISO-Directed Auction Status Change. (The terms "Actual Qualifying Auction Outage" and "ISO-Directed Auction Status Change" shall, if not defined in this Section 20.1.2, have the meaning given in the ISO's March 17, 2006, filing.)

Deemed Qualifying DAM Derating: As defined in Section 20.2.4.3.1.

Deemed Qualifying DAM Outage: As defined in Section 20.2.4.2.1.

Deemed Qualifying DAM Return-to-Service: As defined in Section 20.2.4.2.1.

Deemed Qualifying DAM Upgrading: As defined in Section 20.2.4.3.1.

ISO-Directed Auction Status Change: Either of the following: (1) an Actual Qualifying Auction Outage for a given month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction that is directed by the ISO or results from an Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service directed by the ISO; or (2) an Actual Qualifying Auction Derating or an Actual Qualifying Auction Upgrading for a given

month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction that results from an Actual Qualifying Auction Outage directed by the ISO.

ISO-Directed DAM Status Change: Either of the following: (1) an Actual Qualifying DAM Outage for an hour of the Day-Ahead Market that is directed by the ISO or results from an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service directed by the ISO; or (2) an Actual Qualifying DAM Derating or an Actual Qualifying DAM Upgrading for an hour of the Day-Ahead Market that results from an Actual Qualifying DAM Outage directed by the ISO.

Normally Out-of-Service Equipment: Transmission facilities that are normally operated as out-of-service by mutual agreement of the transmission facility owner and the ISO and that appear on the list of such equipment posted on the ISO website.

Outage/Return-to-Service Auction Constraint Residual (“O/R-t-S Auction Constraint Residual”): The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Outages or Qualifying Auction Returns-to-Service, which O/R-t-S Auction Constraint Residual shall be calculated pursuant to Section 20.3.6.1.

Outage/Return-to-Service Auction Revenue Shortfall Charge (“O/R-t-S Auction Revenue Shortfall Charge”): A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 20.3.6.2.

Outage/Return-to-Service Auction Revenue Surplus Payment (“O/R-t-S Auction Revenue Surplus Payment”): A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S Auction Constraint Residual pursuant to Section 20.3.6.2.

Outage/Return-to-Service Congestion Rent Shortfall Charge (“O/R-t-S Congestion Rent Shortfall Charge”): A charge to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 20.2.4.2.

Outage/Return-to-Service Congestion Rent Surplus Payment (“O/R-t-S Congestion Rent Surplus Payment”): A payment to a Transmission Owner that is created as a result of the allocation of an O/R-t-S DAM Constraint Residual pursuant to Section 20.2.4.2.

Outage/Return-to-Service DAM Constraint Residual (“O/R-t-S DAM Constraint Residual”): The portion of a DAM Constraint Residual that is deemed to be attributable to Qualifying DAM Outages or Qualifying DAM Returns-to-Service, which O/R-t-S DAM Constraint Residual shall be calculated pursuant to Section 20.2.4.1.

Qualifying Auction Derating: As defined in Section 20.3.6.3.1.

Qualifying Auction Outage: As defined in Section 20.3.6.2.1.

Qualifying Auction Return-to-Service: As defined in Section 20.3.6.2.1.

Qualifying Auction Uprating: As defined in Section 20.3.6.3.1.

Qualifying DAM Derating: As defined in Section 20.2.4.3.1.

Qualifying DAM Outage: As defined in Section 20.2.4.2.1.

Qualifying DAM Return-to-Service: As defined in Section 20.2.4.2.1.

Qualifying DAM Uprating: As defined in Section 20.2.4.3.1.

Reconfiguration Auction Interface Uprate/Derate Table: The interface derate table posted on the ISO website prior to a Reconfiguration Auction specifying the impact on transfer limits of Qualifying DAM Outages and Qualifying DAM Returns-to-Service for the month(s) covered by the Reconfiguration Auction.

Uprate/Derate Auction Constraint Residual (“U/D Auction Constraint Residual”): The portion of an Auction Constraint Residual that is deemed to be attributable to Qualifying Auction Deratings or Qualifying Auction Upratings, which U/D Auction Constraint Residual shall be calculated pursuant to Section 20.3.6.1.

Uprate/Derate Auction Revenue Shortfall Charge (“U/D Auction Revenue Shortfall Charge”): A charge to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 20.3.6.3.

Uprate/Derate Auction Revenue Surplus Payment (“U/D Auction Revenue Surplus Payment”): A payment to a Transmission Owner that is created as a result of the allocation of a U/D Auction Constraint Residual pursuant to Section 20.3.6.3.

Uprate/Derate Congestion Rent Shortfall Charge (“U/D Congestion Rent Shortfall Charge”): A charge to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 20.2.4.3.

Uprate/Derate Congestion Rent Surplus Payment (“U/D Congestion Rent Surplus Payment”): A payment to a Transmission Owner that is created as a result of the allocation of a U/D DAM Constraint Residual pursuant to Section 20.2.4.3.

Uprate/Derate DAM Constraint Residual (“U/D DAM Constraint Residual”): The portion of a DAM Constraint Residual that is deemed to be attributable to a Qualifying DAM Derating or a Qualifying DAM Upgrading, which U/D DAM Constraint Residual shall be calculated pursuant to Section 20.2.4.1.

For purposes of this Attachment N, the term “transmission facility” shall mean any transmission line, phase angle regulator, transformer, series reactor, circuit breaker, or other type of transmission equipment.

For the purposes of this Attachment N, a “constraint” shall refer to a monitored transmission facility and a transmission facility that is out of service in the contingency being evaluated (including the base case).

For purposes of this Attachment N: (i) a set of injections and withdrawals corresponds to a set of TCCs and Grandfathered Rights if the quantity of Energy injected at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POI, and the quantity of Energy withdrawn at each location matches the number of TCCs and Grandfathered Rights specifying that location as a POW; and (ii) a TCC corresponds to ETCNL if it has the same POI and POW as the ETCNL.

All references in this Attachment N to sections shall be construed to be references to a section of this Attachment N.

20.2 Congestion Settlements Related to the Day-Ahead Market

20.2.1 Overview of Congestion Settlements Related to the Day-Ahead Market; Calculation of Net Congestion Rents

Overview of DAM Related Congestion Settlements. For each hour h of the Day-Ahead Market, the ISO shall settle all Congestion settlements related to the Day-Ahead Market. These Congestion settlements include, as applicable pursuant to the provisions of this Attachment N: (i) Congestion Rent charges or payments for Energy Transactions in the Day-Ahead Market and Bilateral Transactions scheduled in the Day-Ahead Market; (ii) Congestion payments or charges to Primary Holders of TCCs; (iii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges; and (iv) O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments. Each of these settlements is represented by a variable in Formula N-1.

Calculation of Net Congestion Rents for an Hour. In each hour h of the Day-Ahead Market, the ISO shall calculate Net Congestion Rents pursuant to Formula N-1.

Formula N-1

$$NetCongestionRents_h = (Congestion Rents_h - TCC Payments_h - O/R-t-S\&U/D\ CRSC\&CRSP_h)$$

Where,

NetCongestionRents _h	= The total Net Congestion Rents for hour h of the Day-Ahead Market
h	= An hour of the Day-Ahead Market
Congestion Rents _h	= The sum of Congestion Rents for (i) Energy Transactions scheduled in hour h of the Day-Ahead Market, and (ii) Bilateral Transactions scheduled in hour h of the Day-Ahead Market, each as calculated pursuant to Section 20.2.2
TCC Payments _h	= The sum for all TCCs of all payments and charges made pursuant to Section 20.2.3 to Primary Holders of TCCs in hour h

$O/R-t-S \& U/D$
 $CRSC \& CRSP_h$ = The sum of all O/R-t-S Congestion Rent Shortfall Charges (O/R-t-S $CRSC_{a,t,h}$), U/D Congestion Rent Shortfall Charges (U/D $CRSC_{a,t,h}$), O/R-t-S Congestion Rent Surplus Payments (O/R-t-S $CRSP_{a,t,h}$), and U/D Congestion Rent Surplus Payments (U/D $CRSP_{a,t,h}$) for all Transmission Owners t (which sum is calculated for each Transmission Owner as $NetDAMAllocations_{t,h}$ pursuant to Formula N-14), reduced by any zeroing out of such charges or payments pursuant to Section 20.2.4.5

The ISO shall allocate the Net Congestion Rents calculated in each hour to Transmission Owners pursuant to Section 20.2.5.

20.2.2 Congestion Rents Charged in the Day-Ahead Market

In each hour of the Day-Ahead Market, the ISO shall collect or pay Congestion Rents through Energy Transactions in the Day-Ahead Market and through Bilateral Transactions scheduled in the Day-Ahead Market.

Day-Ahead Market Energy Transactions. The ISO shall charge or pay Congestion Rents as part of the Congestion Component of the LBMP applicable to Energy injections and withdrawals scheduled in the Day-Ahead Market, as described in Attachment J of this Tariff.

The total Congestion Rents for all Energy Transactions scheduled in the Day-Ahead Market in hour h are calculated pursuant to Formula N-2.

Formula N-2

$$\sum_W MWh_{W,h} * CCPOW_{W,h} - \sum_I MWh_{I,h} * CCPOI_{I,h}$$

Where,

$MWh_{W,h}$ = Energy, in MWh, scheduled to be withdrawn in hour h pursuant to Day-Ahead Market schedule W

$CCPOW_{W,h}$ = Congestion Component, in \$/MWh, at the Point of Withdrawal for Energy withdrawn in hour h pursuant to schedule W

$MWh_{I,h}$ = Energy, in MWh, scheduled to be injected in hour h pursuant to Day-Ahead Market schedule I

$CCPOI_{I,h}$ = Congestion Component, in \$/MWh, at the Point of Injection for Energy injected in hour h pursuant to schedule I .

Bilateral Transactions. The ISO shall charge or pay Congestion Rents as part of the Transmission Usage Charge applied to Bilateral Transaction B scheduled in the Day-Ahead Market, as described in Section 2.7.2.2 of this Tariff. Total Congestion Rents for all Bilateral Transactions scheduled in the Day-Ahead Market in hour h are calculated pursuant to Formula N-3.

Formula N-3

$$\sum_B MWh_{B,h} * CCTUC_{B,h}$$

Where,

$MWh_{B,h}$ = Energy, in MWh, of Bilateral Transaction B scheduled in the Day-Ahead Market in hour h

$CCTUC_{B,h}$ = Congestion Component of the TUC, in \$/MWh, for scheduled Bilateral Transaction B , in hour h , which is equal to $CCPOW_{B,h} - CCPOI_{B,h}$.

$CCPOW_{B,h}$ = Congestion Component, in \$/MWh, at the Point of Withdrawal for Energy withdrawn in hour h pursuant to Bilateral Transaction B

$CCPOI_{B,h}$ = Congestion Component, in \$/MWh, at the Point of Injection for Energy injected in hour h pursuant to Bilateral Transaction B .

20.2.3 Congestion Payments Made To Primary Holders

For each hour h of the Day-Ahead Market, the ISO shall charge or pay Congestion payments to the Primary Holders, as follows:

Formula N-4

$$Congestion\ Payment\ (\$/hr) = (CCPOW - CCPOI) * TCCMW$$

Where,

CCPOW = Congestion Component (\$/MWh) at the Point of Withdrawal (POW)

CCPOI = Congestion Component (\$/MWh) at the Point of Injection (POI)

TCCMW = The number of TCCs in MW from POI to POW.

(See Attachment J for the calculation of the Congestion Component of the LBMP price at either the POI or the POW.)

The ISO shall pay Primary Holders for the Congestion payments from revenues collected from: (i) Congestion Rents, (ii) O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges, and (iii) Net Congestion Rents in accordance with Section 20.2.5.

20.2.4 Charges and Payments to Transmission Owners for DAM Outages and Returns-to-Service

The ISO shall charge O/R-t-S Congestion Rent Shortfall Charges and U/D Congestion Rent Shortfall Charges and pay O/R-t-S Congestion Rent Surplus Payments and U/D Congestion Rent Surplus Payments pursuant to this Section 20.2.4. To do so, the ISO shall calculate the DAM Constraint Residual for each binding constraint for each hour of the Day-Ahead Market and then determine the amount of each DAM Constraint Residual that is O/R-t-S DAM Constraint Residual and the amount that is U/D DAM Constraint Residual, as specified in Section 20.2.4.1. The ISO shall use the O/R-t-S DAM Constraint Residual to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 20.2.4.2 and 20.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 20.2.4.5. The ISO shall use the U/D DAM Constraint Residual to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments to Transmission Owners pursuant to Sections 20.2.4.3 and 20.2.4.4, each of which shall be subject to being reduced to zero pursuant to Section 20.2.4.5.

20.2.4.1 Measuring the Impact of DAM Outages and Returns-to-Service: Calculation of DAM Constraint Residuals and Division of DAM Constraint Residuals into O/R-t-S DAM Constraint Residuals and U/D DAM Constraint Residuals

For each hour h of the Day-Ahead Market, the ISO shall identify all constraints that are binding in the Power Flow solution for the final schedules for hour h of the Day-Ahead Market. For each binding constraint a identified for each hour h , the ISO shall calculate the DAM Constraint Residual, $DCR_{a,h}$, using Formula N-5; *provided, however*, where $DCR_{a,h}$ calculated using Formula N-5 is not greater than the DCR Allocation Threshold or less than the negative of the DCR Allocation Threshold, then $DCR_{a,h}$ shall be set equal to zero.

Formula N-5

$$DCR_{a,h} = ShadowPrice_{a,h} * \left[\begin{array}{l} (FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) \\ + (UprateDerate_{a,h} * SCUCSignChange_{a,h}) \\ + (UnsoldCapacity_{a,h,RA} * SCUCSignChange_{a,h}) \end{array} \right]$$

Where,

$DCR_{a,h}$ = The DAM Constraint Residual, in dollars, for binding constraint a in hour h of the Day-Ahead Market

$ShadowPrice_{a,h}$ = The Shadow Price, in dollars/MWh, of binding constraint a in hour h of the Day-Ahead Market, which Shadow Price is calculated in a manner so that if relaxation of constraint a would permit a reduction in the associated Bid Production Cost, $ShadowPrice_{a,h}$ is negative

$FLOW_{a,h,DAM}$ = The Energy flow, in MWh, on binding constraint a for hour h for a set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour h in the solution to the most recent auction in which TCCs valid in hour h were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), which Energy flow will be determined using Shift Factors produced in scheduling hour h of the Day-Ahead Market applied to these injections and withdrawals and the phase angle regulator schedules fixed for the month that contains hour h in the last auction held for TCCs valid for hour h

$FLOW_{a,h,TCC Auction}$ = The Energy flow, in MWh, on binding constraint a for hour h determined as described in the definition of $FLOW_{a,h,DAM}$ above, except that the Shift Factors applied will be those produced in a simulated run of SCUC (run

using the Transmission System model for the month that contains hour h used in the most recent auction in which TCCs valid in hour h were sold);

provided, however, special rules (1) through (3) below shall instead be used to calculate $FLOW_{a,h,TCC\ Auction}$ if they apply, and rule (4) below shall be used to calculate $FLOW_{a,h,TCC\ Auction}$ if $FLOW_{a,h,TCC\ Auction}$ cannot be calculated using any other rule set forth in this definition of $FLOW_{a,h,TCC\ Auction}$ because a simulated run of SCUC does not produce Shift Factors to calculate $FLOW_{a,h,TCC\ Auction}$:

- (1) in the event that a maintenance contingency is binding in the Day-Ahead Market but was not applied for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold, $FLOW_{a,h,TCC\ Auction}$ shall be equal to the Energy flow in MWh on the monitored transmission facility of binding constraint a for the contingency resulting in the highest flows on constraint a for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour h in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of $FLOW_{a,h,TCC\ Auction}$
- (2) in the event that the monitored transmission facility for constraint a was modeled as out-of-service for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold and that transmission facility returns to service for hour h of the Day-Ahead Market, $FLOW_{a,h,TCC\ Auction}$ shall be equal to:
 - (i) the rating limit, in MWh, for the monitored transmission facility of binding constraint a applicable in hour h of the Day-Ahead Market, multiplied by

- (ii) negative $SCUCSignChange_{a,h}$
- (3) in the event that the transmission facility that is the contingency element for constraint a was modeled as out-of-service for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold and that transmission facility returns to service for hour h of the Day-Ahead Market, $FLOW_{a,h,TCC\ Auction}$ shall be equal to the Energy flow, in MWh, on the monitored transmission facility of binding constraint a for the contingency resulting in the highest flows on the monitored transmission facility of constraint a for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold, which Energy flow shall be calculated using the set of injections and withdrawals that corresponds (as described in Section 20.1.2 of this Attachment N) to the set of TCCs and Grandfathered Rights represented for the month that contains hour h in the solution to that auction (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction) and using Shift Factors from a simulated run of SCUC as first set forth in this definition of $FLOW_{a,h,TCC\ Auction}$
- (4) in the event that a simulated run of SCUC does not produce Shift Factors to calculate $FLOW_{a,h,TCC\ Auction}$, $FLOW_{a,h,TCC\ Auction}$ shall be equal to:
 - (i) the Energy flow on constraint a as determined for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold, multiplied by
 - (ii) $OPF/SCUCAdjust_a$

$UprateDerate_{a,h}$ = Zero, except that in the event of a Qualifying DAM Up-rating or Qualifying DAM Derating for constraint a in hour h that is included for the month that contains hour h in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in

which TCCs valid in hour h were sold (or if no Reconfiguration Auction was held for TCCs valid in hour h , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour h), $UprateDerate_{a,h}$ shall equal the interface uprating or derating impact reflected in such table.

Notwithstanding the definition above, $UprateDerate_{a,h}$ shall always equal zero in the event that the monitored transmission facility for binding constraint a in the Day-Ahead Market was modeled as out-of-service for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold and that transmission facility returns to service for hour h .

$UnsoldCapacity_{a,h,RA}$ = Zero, except that if $ShadowPrice_{a,h} * [(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})]$ is less than zero, then $UnsoldCapacity_{a,h,RA}$ shall be equal to the lesser of (1) the amount of transmission Capacity for constraint a that was available for sale for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold but which transmission Capacity was not sold; or (2) the absolute value of $(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})$.

$SCUCSignChange_{a,h}$ = 1 if $ShadowPrice_{a,h}$ is greater than zero; otherwise, -1.

$OPF/SCUCAdjust_a$ = 1 if the directional orientation of constraint a used by the ISO in SCUC is the same as that used by the ISO in the Optimal Power Flow program used to select winning Bids for the month that contains hour h in the most recent auction in which TCCs valid in hour h were sold; otherwise, -1.

Following calculation of the DAM Constraint Residual for each constraint a for each hour h , the ISO shall calculate the amount of each O/R-t-S DAM Constraint Residual and the amount of each U/D DAM Constraint Residual for each constraint a for each hour h . The amount of each O/R-t-S DAM Constraint Residual for hour h and for constraint a shall be determined by applying Formula N-6. The amount of each U/D DAM Constraint Residual for hour h and for constraint a shall be determined by applying Formula N-7.

Formula N-6

$$O/R-t-S DCR_{a,h} = DCR_{a,h} * \left[\frac{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction})}{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})} \right]$$

Where,

$O/R-t-S DCR_{a,h}$ = The amount of the O/R-t-S DAM Constraint Residual, in dollars, for hour h and for constraint a

and each of the other variables are as defined in Formula N-5.

Formula N-7

$$U/D DCR_{a,h} = DCR_{a,h} * \left[\frac{(UprateDerate_{a,h} * SCUCSignChange_{a,h})}{(FLOW_{a,h,DAM} - FLOW_{a,h,TCCAuction}) + (UprateDerate_{a,h} * SCUCSignChange_{a,h})} \right]$$

Where,

U/D DCR_{a,h} = The amount of the U/D DAM Constraint Residual for hour *h* for constraint *a*

and each of the other variables are as defined in Formula N-5.

20.2.4.2 Charges and Payments for the Direct Impact of DAM Outages and Returns-to-Service

The ISO shall use O/R-t-S DAM Constraint Residuals to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.2.4.2. Each O/R-t-S Congestion Rent Shortfall Charge and each O/R-t-S Congestion Rent Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.2.4.2 is subject to being set equal to zero pursuant to Section 20.2.4.5.

20.2.4.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments

For each hour of the Day-Ahead Market, the ISO shall identify each Qualifying DAM Outage and each Qualifying DAM Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.2.4.4, for a Qualifying DAM Outage or Qualifying DAM Return-to-Service shall be allocated an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment pursuant to Sections 20.2.4.2.2 or 20.2.4.2.3.

20.2.4.2.1.1 Definition of Qualifying DAM Outage

A “**Qualifying DAM Outage**” shall be defined to mean either an Actual Qualifying DAM Outage or a Deemed Qualifying DAM Outage. For purposes of this Attachment N, “*o*” shall refer to a single Qualifying DAM Outage.

An “**Actual Qualifying DAM Outage**” shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility exists but is not modeled as in-service for the Day-Ahead Market for hour *h*;
- (ii) the facility existed and was modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour *h* at the time of the last auction held for TCCs valid for hour *h*.

A “**Deemed Qualifying DAM Outage**” shall be defined as a transmission facility that, for a given hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (ii) the facility existed but was not modeled as in-service in the Day-Ahead Market in hour *h* as a result of a DAM Status Change or external event described in Section 20.2.4.4.3 for which responsibility was assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;

- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour h at the time of the last auction held for TCCs valid for hour h .

A transmission facility shall not qualify as an Actual Qualifying DAM Outage if the facility is modeled as in-service for hour h of the Day-Ahead Market as a result of a Transmission Owner's use of spare or alternative transmission equipment to bring the facility back in-service so long as the Transmission Owner has notified the ISO in advance of or contemporaneously with the use of such spare or alternative equipment and the estimated duration of its use.

20.2.4.2.1.2 Definition of Qualifying DAM Return-to-Service

A “**Qualifying DAM Return-to-Service**” shall be defined to mean either an Actual Qualifying DAM Return-to-Service or a Deemed Qualifying DAM Return-to-Service. For purposes of this Attachment N, “ o ” shall refer to a single Qualifying DAM Return-to-Service.

An “**Actual Qualifying DAM Return-to-Service**” shall be defined as a transmission facility that, for a given hour h of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility exists and is modeled as in-service in the Day-Ahead Market for hour h ;
- (ii) the facility existed but was not modeled as in-service for the month that contains hour h in the last auction held for TCCs valid for hour h ; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour h at the time of the last auction held for TCCs valid for hour h .

A “**Deemed Qualifying DAM Return-to-Service**” shall be defined as a transmission facility that, for a given hour h of the Day-Ahead Market, meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the month that contains hour h in the last auction held for TCCs valid for hour h ;
- (ii) the facility existed but was not modeled as in-service in the Day-Ahead Market for hour h as a result of a DAM Status Change or external event described in Section 20.2.4.4.3 for which responsibility is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the month that contains hour h in the last auction held for TCCs valid for hour h ; and
- (iii) the facility was not Normally Out-of-Service Equipment for the month that contains hour h at the time of the last auction held for TCCs valid for hour h .

20.2.4.2.2 Allocation of an O/R-t-S DAM Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and Returns-to-Service

This Section 20.2.4.2.2 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for all of the Qualifying DAM Outages and all of the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for all of the Qualifying DAM Outages o and Qualifying DAM Returns-to-Service o for

hour h that contribute to constraint a , then the ISO shall allocate the O/R-t-S DAM Constraint Residual for that hour and that constraint, $O/R-t-S DCR_{a,h}$, to that Transmission Owner in the form of either: (i) an O/R-t-S Congestion Rent Shortfall Charge in the amount of $O/R-t-S DCR_{a,h}$ if $O/R-t-S DCR_{a,h}$ is negative, or (ii) an O/R-t-S Congestion Rent Surplus Payment in the amount of $O/R-t-S DCR_{a,h}$ if $O/R-t-S DCR_{a,h}$ is positive.

20.2.4.2.3 Allocation of an O/R-t-S DAM Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service

This Section 20.2.4.2.3 describes the allocation of an O/R-t-S DAM Constraint Residual for a given hour and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for that hour that contribute to that constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM Outages and the Qualifying DAM Returns-to-Service for hour h that contribute to constraint a , the ISO shall allocate the O/R-t-S DAM Constraint Residual for constraint a for hour h , $O/R-t-S DCR_{a,h}$, in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment to the Transmission Owners responsible for the Qualifying DAM Outages o and Qualifying DAM Returns-to-Service o for hour h by first determining the net total impact on the constraint for hour h of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour h with an impact on the Energy flow across that constraint of 1 MWh or more by applying Formula N-8, and then applying either Formula N-9 or Formula N-10, as specified herein, to assess O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments.

Formula N-8

$$O/R-t-S \text{ NetDAMImpact}_{a,h} = \left(\sum_{\text{for all } o \in O_h} \text{FlowImpact}_{a,h,o} * \text{ShadowPrice}_{a,h} \right) * \text{OPF}/\text{SCUCAdjust}_a$$

Where,

O/R-t-S NetDAMImpact_{a,h} = The net impact, in dollars, on constraint *a* in hour *h* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* having an impact of more than 1 MWh on Energy flow across constraint *a*; *provided, however*, O/R-t-S NetDAMImpact_{a,h} shall be subject to recalculation as specified in the paragraph immediately following this Formula N-8

FlowImpact_{a,h,o} = The Energy flow impact of a Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o*, in MWh, on binding constraint *a* determined for hour *h*, which shall either:

- (a) if Qualifying DAM Outage *o* is a Deemed Qualifying DAM Outage, be equal to the negative of FlowImpact_{a,h,o} calculated for the corresponding Deemed Qualifying DAM Return-to-Service as described in part (b) of this definition of FlowImpact_{a,h,o}; or
- (b) if Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* is an Actual Qualifying DAM Outage, an Actual Qualifying DAM Return-to-Service, or a Deemed Qualifying DAM Return-to-Service, be calculated pursuant to the following formula:

$$\text{FlowImpact}_{a,h,o} = \text{One-OffFlow}_{a,h,o} - \text{BaseCaseFlow}_{a,h}$$

Where,

BaseCaseFlow_{a,h} = The Energy flow on binding constraint *a* resulting from a Power Flow or similar analysis using (1) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the TCCs and Grandfathered Rights represented for the month that contains hour *h* in the solution to the most recent auction in which TCCs valid in hour *h* were sold (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2) the phase angle regulator schedules determined in the Optimal Power Flow

solution for the month that contains hour h for the final round of the last auction held for TCCs valid in hour h ; and (3) the Transmission System model for the month that contains hour h in the last auction held for TCCs valid in hour h ;

One-OffFlow_{a,h,o} = Either

- (1) if Qualifying DAM Outage o or Qualifying DAM Return-to-Service o is an Actual Qualifying DAM Outage or an Actual Qualifying DAM Return-to-Service, the Energy flow on binding constraint a resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of BaseCaseFlow_{a,h} above (*provided, however*, if a transmission facility was modeled as free-flowing in hour h of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying DAM Outage o , or (ii) model as in-service Actual Qualifying DAM Return-to-Service o ; or
- (2) if Qualifying DAM Return-to-Service o is a Deemed Qualifying DAM Return-to-Service, the Energy flow on binding constraint a resulting from a Power Flow or similar analysis using each element of the base case data set used in the calculation of BaseCaseFlow_{a,h} above (*provided, however*, if a transmission facility was modeled as free-flowing in hour h of the Day-Ahead Market because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing), but with the Transmission System model modified so as

to model as in-service the transmission facility that is Deemed Qualifying DAM

Return-to-Service o

provided, however, where the absolute value of $\text{FlowImpact}_{a,h,o}$ calculated using the procedures set forth above is less than 1 MWh, then $\text{FlowImpact}_{a,h,o}$ shall be set equal to zero;

provided further, $\text{FlowImpact}_{a,h,o}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula N-8

O_h = The set of all Qualifying DAM Outages o and Qualifying DAM Returns-to-Service o in hour h

and the variables $\text{ShadowPrice}_{a,h}$ and OPF/SCUCAdjust_a are defined as set forth in Formula N-5.

After calculating O/R-t-S $\text{NetDAMImpact}_{a,h}$ pursuant to Formula N-8, the ISO shall determine whether O/R-t-S $\text{NetDAMImpact}_{a,h}$ for constraint a in hour h has a different sign than O/R-t-S $\text{DCR}_{a,h}$ for constraint a in hour h . If the sign is different, the ISO shall (i) recalculate O/R-t-S $\text{NetDAMImpact}_{a,h}$ pursuant to Formula N-8 after setting equal to zero each $\text{FlowImpact}_{a,h,o}$ for which $\text{FlowImpact}_{a,h,o} * \text{ShadowPrice}_{a,h} * \text{OPF/SCUCAdjust}_a$ has a different sign than O/R-t-S $\text{DCR}_{a,h}$, and then (ii) use this recalculated O/R-t-S $\text{NetDAMImpact}_{a,h}$ and reset value of $\text{FlowImpact}_{a,h,o}$ to allocate O/R-t-S Congestion Rent Shortfall Charges and O/R-t-S Congestion Rent Surplus Payments pursuant to Formula N-9 or Formula N-10, as specified below.

If the absolute value of the net impact (O/R-t-S $\text{NetDAMImpact}_{a,h}$) on constraint a of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour h as calculated using Formula N-8 (or recalculated pursuant to Formula N-8 using a reset value of $\text{FlowImpact}_{a,h,o}$ as described in the prior paragraph) is greater than the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S $\text{DCR}_{a,h}$), in dollars, for constraint a in hour h , then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion

Rent Shortfall Charge, O/R-t-S CRSC_{a,t,h}, or O/R-t-S Congestion Rent Surplus Payment, O/R-t-S CRSP_{a,t,h}, by using Formula N-9. If the absolute value of the net impact (O/R-t-S NetDAMImpact_{a,h}) on constraint *a* of all Qualifying DAM Outages and Qualifying DAM Returns-to-Service for hour *h* as calculated using Formula N-8 (or recalculated pursuant to Formula N-8 using a reset value of FlowImpact_{a,h,o} as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S DAM Constraint Residual (O/R-t-S DCR_{a,h}), in dollars, for constraint *a* in hour *h*, then the ISO shall allocate the O/R-t-S DAM Constraint Residual in the form of an O/R-t-S Congestion Rent Shortfall Charge or O/R-t-S Congestion Rent Surplus Payment by using Formula N-10.

Formula N-9

$$O/R-t-S Allocation_{a,t,h} = \left(\frac{\sum_{\substack{o \in O_h \\ \text{and } q=t}} (FlowImpact_{a,h,o} * Responsibility_{h,q,o})}{\sum_{\text{for all } o \in O_h} FlowImpact_{a,h,o}} \right) * O/R-t-S DCR_{a,h}$$

Where,

O/R-t-S Allocation_{a,t,h} = Either an O/R-t-S Congestion Rent Shortfall Charge or an O/R-t-S Congestion Rent Surplus Payment, as specified in (a) and (b) below:

- (a) If O/R-t-S Allocation_{a,t,h} is negative, then O/R-t-S Allocation_{a,t,h} shall be an O/R-t-S Congestion Rent Shortfall Charge, O/R-t-S CRSC_{a,t,h}, charged to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market; or
- (b) If O/R-t-S Allocation_{a,t,h} is positive, then O/R-t-S Allocation_{a,t,h} shall be an O/R-t-S Congestion Rent Surplus Payment, O/R-t-S CRSP_{a,t,h}, paid to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market

Responsibility_{h,q,o} = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4) for Qualifying DAM Outage *o* or Qualifying DAM Return-to-Service *o* in hour *h*, as determined pursuant to Section 20.2.4.4

and the variable O/R-t-S DCR_{a,h} is defined as set forth in Formula N-6 and the variables FlowImpact_{a,h,o} and O_h are defined as set forth in Formula N-8.

Formula N-10

$$O/R-t-S Allocation_{a,t,h} = \left(\sum_{\substack{o \in O_h \\ \text{and } q=t}} FlowImpact_{a,h,o} * ShadowPrice_{a,h} * Responsibility_{h,q,o} \right) * OPF/SCUCAdjust_a$$

Where,

the variables ShadowPrice_{a,h} and OPF/SCUCAdjust_a are defined as set forth in Formula N-5, the variables O/R-t-S Allocation_{a,t,h} and Responsibility_{h,q,o} are defined as set forth in Formula N-9, and the variables FlowImpact_{a,h,o} and O_h are defined as set forth in Formula N-8.

20.2.4.3 Charges and Payments for the Secondary Impact of DAM Outages and Returns-to-Service

The ISO shall use U/D DAM Constraint Residuals to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.2.4.3. Each U/D Congestion Rent Shortfall Charge and each U/D Congestion Rent Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.2.4.3 is subject to being set equal to zero pursuant to Section 20.2.4.5.

20.2.4.3.1 Identification of Upratings and Deratings Qualifying for Charges and Payments

For each hour of the Day-Ahead Market and for each constraint, the ISO shall identify each Qualifying DAM Derating and each Qualifying DAM Uprating, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM Derating shall be allocated a U/D Congestion Rent Shortfall Charge and the Transmission Owner responsible, as determined pursuant to Section 20.2.4.4, for the Qualifying DAM

Uprating shall be allocated a U/D Congestion Rent Surplus Payment pursuant to Section 20.2.4.3.2.

20.2.4.3.1.1 Definition of Qualifying DAM Derating

A “**Qualifying DAM Derating**” shall be defined to mean either an Actual Qualifying DAM Derating or a Deemed Qualifying DAM Derating. For purposes of this Attachment N, “*r*” shall refer to a single Qualifying DAM Derating.

An “**Actual Qualifying DAM Derating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour *h* than it would have if all transmission facilities were modeled as in-service in hour *h*;
- (ii) this lower rating is in whole or in part the result of an Actual Qualifying DAM Outage *o* or an Actual Qualifying DAM Return-to-Service *o* for hour *h*;
- (iii) this lower rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h* was not modeled for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (iv) this lower rating is included for the month that contains hour *h* in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and
- (v) the constraint is binding in the Day-Ahead Market for hour *h*.

A “**Deemed Qualifying DAM Derating**” shall be defined as a change in the rating of a constraint that, for a given constraint a and hour h of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour h than it would have if all transmission facilities were modeled as in-service in hour h ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage o or Deemed Qualifying DAM Return-to-Service o for hour h ;
- (iii) the lower rating resulting from Deemed Qualifying DAM Outage o or Deemed Qualifying DAM Return-to-Service o for hour h was modeled for the month that contains hour h in the last auction held for TCCs valid for hour h , but responsibility for Qualifying DAM Outage o or Qualifying DAM Return-to-Service o resulting in the lower rating for hour h is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.2.4.4) other than the Transmission Owner responsible for the lower rating for the month that contains hour h in the last auction held for TCCs valid for hour h ;
- (iv) this lower rating is included for the month that contains hour h in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour h were sold (or if no Reconfiguration Auction was held for TCCs valid in hour h , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour h); and
- (v) the constraint is binding in the Day-Ahead Market for hour h .

20.2.4.3.1.2 Definition of Qualifying DAM Uprating

A “**Qualifying DAM Uprating**” shall be defined to mean either an Actual Qualifying DAM Uprating or a Deemed Qualifying DAM Uprating. For purposes of this Attachment N, “*r*” shall refer to a single Qualifying DAM Uprating.

An “**Actual Qualifying DAM Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* in hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a higher rating for hour *h* than it would have absent an Actual Qualifying DAM Outage *o* or Actual Qualifying DAM Return-to-Service *o* for hour *h*;
- (ii) this higher rating resulting from Actual Qualifying DAM Outage *o* or Actual Qualifying Return-to-Service *o* for hour *h* was not modeled for the month that contains hour *h* in the last auction held for TCCs valid for hour *h*;
- (iii) this higher rating is included for the month that contains hour *h* in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour *h* were sold (or if no Reconfiguration Auction was held for TCCs valid in hour *h*, then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour *h*); and
- (iv) the constraint is binding in the Day-Ahead Market for hour *h*.

A “**Deemed Qualifying DAM Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint *a* and hour *h* of the Day-Ahead Market, meets each of the following requirements:

- (i) the constraint has a lower rating in hour h than it would have if all transmission facilities were modeled as in-service in hour h ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying DAM Outage o or Deemed Qualifying DAM Return-to-Service o for hour h ;
- (iii) this lower rating resulting from Deemed Qualifying DAM Outage o or Deemed Qualifying DAM Return-to-Service o for hour h was modeled for the month that contains hour h in the last auction held for TCCs valid for hour h , but responsibility for Qualifying DAM Outage o or Qualifying DAM Return-to-Service o resulting in the lower rating for hour h is assigned pursuant to Section 20.2.4.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner for the purpose of applying Section 20.2.4.4) other than the Transmission Owner responsible for the lower rating for the month that contains hour h in the last auction held for TCCs valid for hour h ;
- (iv) this lower rating for hour h is included for the month that contains hour h in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour h were sold (or if no Reconfiguration Auction was held for TCCs valid in hour h , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour h); and
- (v) the constraint is binding in the Day-Ahead Market for hour h .

20.2.4.3.2 Allocation of U/D DAM Constraint Residuals

This Section 20.2.4.3.2 describes the allocation of U/D DAM Constraint Residuals to Qualifying DAM Deratings and Qualifying DAM Upratings.

When there are Qualifying DAM Deratings or Qualifying DAM Upratings for constraint a in hour h , the ISO shall allocate a U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, U/D CRSC_{a,t,h}, or U/D Congestion Rent Surplus Payment, U/D CRSP_{a,t,h}, by first determining the net total impact on the constraint for hour h of all Qualifying DAM Upratings r and Qualifying DAM Deratings r for constraint a in hour h pursuant to Formula N-11 and then applying either Formula N-12 or Formula N-13, as specified herein, to assess U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments.

Formula N-11

$$U/D \text{ NetDAMImpact}_{a,h} = \left(\sum_{\text{for all } r \in R_{a,h}} \text{RatingChange}_{a,h,r} * \text{ShadowPrice}_{a,h} \right) * \text{SCUCSignChange}_{a,h}$$

Where,

U/D NetDAMImpact_{a,h} = The net impact, in dollars, on constraint a of all Qualifying DAM Upratings and Qualifying DAM Deratings for constraint a in hour h ; *provided, however*, U/D NetDAMImpact_{a,h} shall be subject to recalculation as specified in the paragraph immediately following this Formula N-11

RatingChange_{a,h,r} = Either

- (a) If Qualifying DAM Derating r or Qualifying DAM Uprating r is a Deemed Qualifying DAM Derating or a Deemed Qualifying DAM Uprating, RatingChange_{a,h,r} shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint a in hour h resulting from a Deemed Qualifying DAM Return-to-Service or Deemed Qualifying DAM Outage for constraint a in hour h , as shown for the month that contains hour h in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour h were sold (or if no

Reconfiguration Auction was held for TCCs valid in hour h , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour h); or

- (b) If Qualifying DAM Derating r or Qualifying DAM Uprating r is an Actual Qualifying DAM Derating or an Actual Qualifying DAM Uprating, $\text{RatingChange}_{a,h,r}$ shall be equal to the amount, in MWh, of the decrease or increase in the rating of binding constraint a in hour h resulting from an Actual Qualifying DAM Return-to-Service or an Actual Qualifying DAM Outage for constraint a in hour h , as shown for the month that contains hour h in the Reconfiguration Auction Interface Uprate/Derate Table in effect for the last Reconfiguration Auction in which TCCs valid in hour h were sold (or if no Reconfiguration Auction was held for TCCs valid in hour h , then the Centralized TCC Auction Interface Uprate/Derate Table in effect for the last Centralized TCC Auction held for TCCs valid in hour h); *provided, however*, $\text{RatingChange}_{a,h,r}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula N-11

$R_{a,h}$ = The set of all Qualifying DAM Deratings r or Qualifying DAM Upratings r for binding constraint a in hour h

and the variables $\text{SCUCSignChange}_{a,h}$ and $\text{ShadowPrice}_{a,h}$ are defined as set forth in

Formula N-5.

After calculating $\text{U/D NetDAMImpact}_{a,h}$ pursuant to Formula N-11, the ISO shall determine whether $\text{U/D NetDAMImpact}_{a,h}$ for constraint a in hour h has a different sign than $\text{U/D DCR}_{a,h}$ for constraint a in hour h . If the sign is different, the ISO shall (i) recalculate $\text{U/D NetDAMImpact}_{a,h}$ pursuant to Formula N-11 after setting equal to zero each $\text{RatingChange}_{a,h,r}$

for which $RatingChange_{a,h,r} * ShadowPrice_{a,h} * SCUCSignChange_{a,h}$ has a different sign than $U/D DCR_{a,h}$, and then (ii) use this recalculated $U/D NetDAMImpact_{a,h}$ and reset value of $RatingChange_{a,h,r}$ to allocate U/D Congestion Rent Shortfall Charges and U/D Congestion Rent Surplus Payments pursuant to Formula N-12 or Formula N-13, as specified below.

If the absolute value of the net impact ($U/D NetDAMImpact_{a,h}$) on constraint a of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint a in hour h as calculated using Formula N-11 (or recalculated pursuant to Formula N-11 using a reset value of $RatingChange_{a,h,r}$ as described in the prior paragraph) is greater than the absolute value of the U/D DAM Constraint Residual ($U/D DCR_{a,h}$) for constraint a in hour h , then the ISO shall allocate the U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, $U/D CRSC_{a,t,h}$, or U/D Congestion Rent Surplus Payment, $U/D CRSP_{a,t,h}$, by using Formula N-12. If the absolute value of the net impact ($U/D NetDAMImpact_{a,h}$) on constraint a of all Qualifying DAM Deratings and Qualifying DAM Upratings for constraint a in hour h as calculated using Formula N-11 (or recalculated pursuant to Formula N-11 using a reset value of $RatingChange_{a,h,r}$ as described in the prior paragraph) is less than or equal to the absolute value of the U/D DAM Constraint Residual ($U/D DCR_{a,h}$) for constraint a in hour h , then the ISO shall allocate the U/D DAM Constraint Residual in the form of a U/D Congestion Rent Shortfall Charge, $U/D CRSC_{a,t,h}$, or U/D Congestion Rent Surplus Payment, $U/D CRSP_{a,t,h}$, by using Formula N-13.

Formula N-12

$$U/D Allocation_{a,t,h} = \left(\frac{\sum_{\substack{r \in R_{a,h} \\ \text{and } q=t}} (RatingChange_{a,h,r} * Responsibility_{h,q,r})}{\sum_{\text{for all } r \in R_{a,h}} RatingChange_{a,h,r}} \right) * U/D DCR_{a,h}$$

Where,

U/D Allocation_{a,t,h} = Either a U/D Congestion Rent Shortfall Charge or a U/D Congestion Rent Surplus Payment, as specified in (a) and (b) below:

(a) If U/D Allocation_{a,t,h} is negative, then U/D Allocation_{a,t,h} shall be a U/D Congestion Rent Shortfall Charge, U/D CRSC_{a,t,h}, charged to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market; or

(b) If U/D Allocation_{a,t,h} is positive, then U/D Allocation_{a,t,h} shall be a U/D Congestion Rent Surplus Payment, U/D CRSP_{a,t,h}, paid to Transmission Owner *t* for binding constraint *a* in hour *h* of the Day-Ahead Market

Responsibility_{h,q,r} = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4) for Qualifying DAM Derating *r* or Qualifying DAM Uprating *r* in hour *h*, as determined pursuant to Section 20.2.4.4

and the variable U/D DCR_{a,h} is defined as set forth in Formula N-7 and the variables

RatingChange_{a,h,r} and R_{a,h} are defined as set forth in Formula N-11.

Formula N-13

$$U/D Allocation_{a,t,h} = \left(\sum_{\substack{r \in R_{a,h} \\ \text{and } q=t}} RatingChange_{a,h,r} * ShadowPrice_{a,h} * Responsibility_{h,q,r} \right) * SCUCSignChange_{a,h}$$

Where,

the variables ShadowPrice_{a,h} and SCUCSignChange_{a,h} are defined as set forth in Formula N-5,
 the variables U/D Allocation_{a,t,h} and Responsibility_{h,q,r} are defined as set forth in Formula N-12,
 and the variables RatingChange_{a,h,r} and R_{a,h} are defined as set forth in Formula N-11.

20.2.4.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upratings

20.2.4.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 20.2.4.4.2 through 20.2.4.4.4 apply, a Transmission Owner shall for purposes of this Section 20.2.4 be deemed responsible for a DAM Status Change to the extent that the Transmission Owner has caused the DAM Status Change by

changing the in-service or out-of-service status of its transmission facility; *provided, however*, that where a DAM Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such DAM Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 20.2.4.6.1) during the hour for which the DAM Status Change occurred. For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause a DAM Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as a DAM Status Change shall be deemed to have caused the DAM Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused the DAM Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.2.4.4.2, 20.2.4.4.3, or 20.2.4.4.4; or (iii) FERC orders otherwise.

20.2.4.4.2 Shared Responsibility For Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO

A Transmission Owner shall not be responsible for any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change as part of Net Congestion Rents for hour h . To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 20.2.4.2 and Section 20.2.4.3, and any DAM Status Change that qualifies as an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change shall be attributed to the ISO when performing the calculations described in Section 20.2.4.2 and Section 20.2.4.3; *provided, however, any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 20.2.4.4.2 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 20.2.5.*

Responsibility for a Qualifying DAM Return-to-Service or Qualifying DAM Upgrading that is directed by the ISO but does not qualify as a Deemed ISO-Directed DAM Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating for the month that contains the relevant hour in the last Reconfiguration Auction held for TCCs valid for the relevant hour (or if no Reconfiguration Auction was held for TCCs valid in the relevant hour, the last 6-month Sub-Auction of a Centralized TCC Auction held for TCCs valid for the relevant hour).

20.2.4.4.3 Shared Responsibility for External Events

A Transmission Owner shall not be responsible for a DAM Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from a DAM Status Change caused by such an event outside the NYCA as part of Net Congestion Rents for hour h . To do so, the ISO shall be treated as a Transmission Owner when allocating DAM Constraint Residuals pursuant to Section 20.2.4.2 and Section 20.2.4.3 and any DAM Status Change caused by such an event outside the NYCA shall be attributed to the ISO when performing the calculations described in Section 20.2.4.2 and Section 20.2.4.3; *provided, however*, any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocable to the ISO pursuant to this Section 20.2.4.4.3 shall ultimately be allocated to the Transmission Owners as Net Congestion Rents pursuant to Section 20.2.5.

20.2.4.5 Exceptions: Setting Charges and Payments to Zero

20.2.4.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges

The ISO shall use Formula N-14 to calculate the total O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments, $\text{NetDAMAllocations}_{t,h}$, for Transmission Owner t in hour h . Based on this calculation, the ISO shall set equal to zero all O/R-t-S $\text{CRSC}_{a,t,h}$, U/D $\text{CRSC}_{a,t,h}$, O/R-t-S $\text{CRSP}_{a,t,h}$, and U/D $\text{CRSP}_{a,t,h}$ (each as defined in Formula N-14) for Transmission Owner t for all constraints for hour h if (i) $\text{NetDAMAllocations}_{t,h}$ is positive and Transmission Owner t is not responsible (as determined pursuant to Section 20.2.4.4) for any

Qualifying DAM Returns-to-Service or Qualifying DAM Upratings during hour h , or (ii) $NetDAMAllocations_{t,h}$ is negative and Transmission Owner t is not responsible (as determined pursuant to Section 20.2.4.4) for any Qualifying DAM Outages or Qualifying DAM Deratings during hour h ; *provided, however*, the ISO shall not set equal to zero pursuant to this Section 20.2.4.5.1 any O/R-t-S $CRSC_{a,t,h}$, U/D $CRSC_{a,t,h}$, O/R-t-S $CRSP_{a,t,h}$, or U/D $CRSP_{a,t,h}$ arising from an ISO-Directed DAM Status Change or Deemed ISO-Directed DAM Status Change described in Section 20.2.4.4.2, an external event described in Section 20.2.4.4.3, or an event occurring during a transitional period as described in Section 20.2.4.4.4.

Formula N-14

$$NetDAMAllocations_{t,h} = \sum_{\text{for all } a} (O/R-t-S CRSC_{a,t,h} + U/D CRSC_{a,t,h} + O/R-t-S CRSP_{a,t,h} + U/D CRSP_{a,t,h})$$

Where,

$NetDAMAllocations_{t,h}$ = The total of the O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, and U/D Congestion Rent Surplus Payments allocated to Transmission Owner t in hour h

O/R-t-S $CRSC_{a,t,h}$ = An O/R-t-S Congestion Rent Shortfall Charge allocated to Transmission Owner t for binding constraint a in hour h of the Day-Ahead Market, calculated pursuant to Section 20.2.4.2

U/D $CRSC_{a,t,h}$ = A U/D Congestion Rent Shortfall Charge allocated to Transmission Owner t for binding constraint a in hour h of the Day-Ahead Market, calculated pursuant to Section 20.2.4.3

O/R-t-S $CRSP_{a,t,h}$ = An O/R-t-S Congestion Rent Surplus Payment allocated to Transmission Owner t for binding constraint a in hour h of the Day-Ahead Market, calculated pursuant to Section 20.2.4.2

U/D $CRSP_{a,t,h}$ = A U/D Congestion Rent Surplus Payment allocated to Transmission Owner t for binding constraint a in hour h of the Day-Ahead Market, calculated pursuant to Section 20.2.4.3.

20.2.4.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Attachment N, the ISO shall set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment allocated to a Transmission Owner for an hour of the Day-Ahead Market if either:

- (i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 20.2.4, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or
- (ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

provided, however, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars (\$25,000) in any given month or greater than one hundred thousand dollars (\$100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 20.2.4.5.2 set equal to zero any O/R-t-S Congestion Rent Shortfall Charge, U/D Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D Congestion Rent Surplus Payment that fails to meet these conditions, even if another O/R-t-S Congestion Rent Shortfall Charge, U/D

Congestion Rent Shortfall Charge, O/R-t-S Congestion Rent Surplus Payment, or U/D

Congestion Rent Surplus Payment is set equal to zero pursuant to this Section 20.2.4.5.2 in the same hour of the Day-Ahead Market.

20.2.4.6 Information Requirements

20.2.4.6.1 Information Regarding Facility Ownership

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for DAM Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

20.2.4.6.2 Calculation of Settlements Without DCR Allocation Threshold

Upon request from any Transmission Owner subject to Net Congestion Rent settlements pursuant to this Attachment N, but no more frequently than once every twelve months, the ISO shall, for informational purposes only, calculate the DAM Constraint Residuals for each constraint for each hour without applying the DCR Allocation Threshold and shall calculate all O/R-t-S Congestion Rent Shortfall Charges, O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Shortfall Charges, and U/D Congestion Rent Surplus Payments. The calculation shall be performed using a month selected from among the most recent twelve months for which a Close-Out Settlement has been issued. Before choosing the month for which it will perform these calculations, the ISO will consult with the Transmission Owners.

20.2.5 Allocation of Net Congestion Rents to Transmission Owners

The Net Congestion Rents for each hour of month m shall be summed over the month, so that positive and negative values net to a monthly total, NCR_m . The ISO shall allocate NCR_m each month to the Transmission Owners by allocating to each Transmission Owner t an amount equal to the product of (i) NCR_m , and (ii) the allocation factor for Transmission Owner t for month m , as calculated pursuant to Formula N-15.

Formula N-15

$$AllocationFactor_{t,m} = \frac{\left(OriginalResidual_{t,m} + ETCNL_{t,m} + NARs_{t,m} \right) + GFR\&GFTCC_{t,m} + HFPTCC_{t,m} + NHFPTCC_{t,m}}{\sum_{q \in T} \left(OriginalResidual_{q,m} + ETCNL_{q,m} + NARs_{q,m} \right) + GFR\&GFTCC_{q,m} + HFPTCC_{q,m} + NHFPTCC_{q,m}}$$

Where,

- Allocation Factor_{t,m} = The allocation factor used by the ISO to allocate a share of the Net Congestion Rents to Transmission Owner t for month m
- Original Residual_{q,m} = The sum of the one-month portion of the revenue imputed to the Direct Sale and the sale in any Centralized TCC Auction Sub-Auction of Original Residual TCCs held by Transmission Owner q that are valid in month m . The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be the market-clearing price of the TCCs valid in month m in the last Reconfiguration Auction held for TCCs valid in month m (or one-sixth of the average market-clearing price in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month m). The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction Sub-Auction of these Original Residual TCCs shall be calculated by dividing the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction Sub-Auction by the duration in months of the TCCs sold in that Centralized TCC Auction Sub-Auction.
- ETCNL_{q,m} = The sum of the one-month portion of the revenue imputed to the Direct Sale of Transmission Owner q 's ETCNL or for its ETCNL released in the Centralized TCC Auction Sub-Auction held for TCCs valid for month m . The one-month portion of the revenue imputed for ETCNL released in any Centralized TCC Auction shall

be calculated by dividing the revenue received in a Centralized TCC Auction Sub-Auction from the sale of the ETCNL by the duration in months of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to the ETCNL sold in the Centralized TCC Auction Sub-Auction. The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be the market-clearing price of the TCCs valid in month m corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in the last Reconfiguration Auction held for TCCs valid in month m (or one-sixth of the average market-clearing price of such TCCs in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month m).

$NAR_{s,q,m}$

- = The one-month portion of the Net Auction Revenues Transmission Owner q has received in Centralized TCC Auction Sub-Auctions and all Reconfiguration Auctions held for TCCs valid for month m (which shall not include any revenue from the sale of Original Residual TCCs). The one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner q received from the allocation of Net Auction Revenue pursuant to Section 20.3.7 in each Centralized TCC Auction Sub-Auction for TCCs valid in month m , divided in each case by the duration in months of the TCCs sold in the Centralized TCC Auction Sub-Auction and the sum of the revenue Transmission Owner q received from the allocation of that portion of Net Auction Revenue pursuant to Section 20.3.7 related to month m for all Reconfiguration Auctions held for TCCs valid in month m (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner q), minus (ii) the sum of $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula N-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner q for all 6-month Sub-Auction rounds n of all Centralized TCC Auctions held for TCCs valid in month m , divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction Sub-Auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner q), minus (iii) the sum of the portion of $NetAuctionAllocations_{t,n}$ as calculated pursuant to Formula N-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner q for month m for all Reconfiguration Auctions held for TCCs valid in month m (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different

- methodology, the net of such revenue impacts for Transmission Owner q).
- $GFR\&GFTCC_{q,m}$ = The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights held by Transmission Owner q , valued at their market-clearing prices for month m in the last Reconfiguration Auction for TCCs valid in month m (or one-sixth of the average market clearing price for rounds in the 6-month Sub-Auction of the last Centralized TCC Auction if no Reconfiguration Auction was held for TCCs valid in month m), provided that Transmission Owner q is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and Grandfathered Right remains valid in month m .
- $HFPTCC_{q,m}$ = The one-month portion of the Historic Fixed Price TCC revenues (including revenues from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that Transmission Owner q has received for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid for month m , valued at the sum of the share of revenues received by Transmission Owner q pursuant to Section 20.4 of this Attachment N for all Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid for month m , divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016.
- $NHFPTCC_{q,m}$ = The one-month portion of the Non-Historic Fixed Price TCC revenues that Transmission Owner q has received for Non-Historic Fixed Price TCCs valid for month m , valued at the sum of the share of revenues received by Transmission Owner q pursuant to Section 20.5 of this Attachment N for all Non-Historic Fixed Price TCCs valid for month m , divided by: (i) twenty-four in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner q related to initial awards of Non-Historic Fixed Price TCCs valid for month m ; or (ii) twelve in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner q related to renewals of Non-Historic Fixed Price TCCs valid for month m ; provided, however that the value shall be zero for all Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017.
- t = Transmission Owner t
- T = The set of all Transmission Owners q .

For purposes of Formula N-15, variables subscripted by t shall be calculated for Transmission Owner t in the same manner as variables subscripted by q are calculated for Transmission Owner q .

Each Transmission Owner's share of Net Congestion Rents allocated pursuant to this Section 20.2.5 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

20.3 Settlement of TCC Auctions

20.3.1 Overview of TCC Auction Settlements; Calculation of Net Auction Revenue

Overview of TCC Auction Settlements. For each round n of a Centralized TCC Auction and for each Reconfiguration Auction n , the ISO shall settle all settlements for round n or for Reconfiguration Auction n . These settlements include, as applicable pursuant to the provisions of this Attachment N: (i) the market-clearing price charged or paid to purchasers of TCCs; (ii) payments to Transmission Owners that released ETCNL; (iii) payments or charges to Primary Holders selling TCCs; (iv) payments to Transmission Owners that released Original Residual TCCs; (v) O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges; and (vi) O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments. Each of these settlements is represented by a variable in Formula N-16.

Calculation of Net Auction Revenues for a Round or a Reconfiguration Auction. In each Centralized TCC Auction round n and in each Reconfiguration Auction n , the ISO shall calculate Net Auction Revenue pursuant to Formula N-16.

Formula N-16

$$Net\ Auction\ Revenue_n = \begin{bmatrix} TCC\ Auction\ Revenue_n \\ -ETCNL_n \\ -Primary\ Holder\ TCCs\ Sold_n \\ -Original\ Residual\ TCCs_n \\ -O/R-t-S\&U/D\ ARSC\&ARSP_n \end{bmatrix}$$

Where,

- n = A round of a Centralized TCC Auction (which may be either a round of a 6-month Sub-Auction or a round of a Sub-Auction in which TCCs with a duration greater than 6 months are sold) or a Reconfiguration Auction, as the case may be
- Net Auction Revenue _{n} = Net Auction Revenue for the round n of a Centralized TCC Auction or for Reconfiguration Auction n , as the case may be

- TCC Auction Revenue_n** = The gross amount of revenue that the ISO collects from the award of TCCs to purchasers in round *n* or in Reconfiguration Auction *n*, which results from the charges and payments allocated pursuant to Section 20.3.2
- ETCNL_n** = Either (i) if round *n* is a round of a Centralized TCC Auction, the total of all payments that the ISO makes to Transmission Owners releasing ETCNL into the round pursuant to Section 20.3.3; or (ii) for Reconfiguration Auction *n*, 0
- Primary Holder TCCs Sold_n** = The net of the total payments and charges the ISO allocates to Primary Holders selling TCCs in round *n* or in Reconfiguration Auction *n* pursuant to Section 20.3.4
- Original Residual TCCs_n** = Either (i) if round *n* is a round of a Centralized TCC Auction, the total payments the ISO makes in round *n* pursuant to Section 20.3.5 to Transmission Owners that release into round *n* Original Residual TCCs; or (ii) for Reconfiguration Auction *n*, 0
- O/R-t-S&U/D ARSC&ARSP_n** = Either (i) if round *n* is a round of a Centralized TCC Auction in which 6-month TCCs are sold, the sum of the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments (calculated as NetAuctionAllocations_{t,n} pursuant to Formula N-27) for all Transmission Owners *t*, reduced by any zeroing out of such charges or payments pursuant to Section 20.3.6.5; (ii) if round *n* is a round of a Centralized TCC Auction Sub-Auction in which TCCs with durations longer than 6 months are sold, 0; or (iii) for Reconfiguration Auction *n*, the sum of the total O/R-t-S Auction Revenue Shortfall Charges (O/R-t-S ARSC_{a,t,n}), U/D Auction Revenue Shortfall Charges (U/D ARSC_{a,t,n}), O/R-t-S Auction Revenue Surplus Payments (O/R-t-S ARSP_{a,t,n}), and U/D Auction Revenue Surplus Payments (U/D ARSP_{a,t,n}) for all Transmission Owners *t* (which sum is calculated for each Transmission Owner as NetAuctionAllocations_{t,n} pursuant to Formula N-27), reduced by any zeroing out of such charges or payments pursuant to Section 20.3.6.5

The ISO shall allocate the Net Auction Revenue calculated in each round of a Centralized TCC Auction Sub-Auction and in each Reconfiguration Auction to Transmission Owners pursuant to Section 20.3.7.

20.3.2 Charges for TCCs Purchased

All bidders awarded TCCs in round *n* of a Centralized TCC Auction or in

Reconfiguration Auction n shall pay or be paid the market clearing price in round n or in Reconfiguration Auction n , as determined pursuant to Attachment M of this Tariff, for the TCCs purchased. For a Balance-of-Period Auction, if an awarded TCC has a duration of more than one month, the market-clearing price for such multi-month TCC will equal the sum of the market-clearing prices for one-month TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the multi-month TCC is valid.

20.3.3 Payments for ETCNL

The ISO shall, in each round of a Centralized TCC Auction in which ETCNL is released, pay the market clearing price determined in that round for TCCs that correspond (as described in Section 20.1.2 of this Attachment N) to that ETCNL to the Transmission Owner that releases the ETCNL.

If a Transmission Owner releases ETCNL for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for ETCNL released into the Centralized TCC Auction. If the market-clearing price is negative for TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to any ETCNL, the value will be set to zero for purposes of allocating auction revenues from the sale of ETCNL. If the total value of the auction revenues available for payment to the Transmission Owners for ETCNL and Original Residual TCCs released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for ETCNL and Original Residual TCCs will be reduced proportionately. Notwithstanding any other provision in this Tariff, ETCNL that is offered in any Centralized TCC Auction and that is

assigned a negative market-clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released it.

20.3.4 Payments to Primary Holders Selling TCCs; Distribution of Revenues from Sale of Certain Grandfathered TCCs (excluding ETCNL) in a Centralized TCC Auction

The ISO shall distribute to or collect from each Primary Holder of a TCC selling that TCC in the Centralized TCC Auction or Reconfiguration Auction the market-clearing price of that TCC in the round of the Centralized TCC Auction or in the Reconfiguration Auction in which that TCC was sold. For a Balance-of-Period Auction, if a TCC sold has a duration of more than one month, the market-clearing price for such multi-month TCC will equal the sum of the market-clearing prices for one-month TCCs with the same Point of Injection and Point of Withdrawal, which in aggregate cover the same period for which the multi-month TCC was sold.

In the event a Grandfathered TCC is terminated by mutual agreement of the parties to the grandfathered ETA (or, in the case of Grandfathered TCCs, if any, associated with those rate schedules to which footnote 9 of Attachment L pertains, terminated by mutual agreement or otherwise) prior to the conditions specified within Attachments K and L, then the ISO shall distribute the revenues from the sale of the TCCs that correspond to the terminated Grandfathered TCCs in a round of a Centralized TCC Auction directly back to the Transmission Owner identified in Attachment L, until such time as the conditions specified within Attachments K and L are met. Upon such time that the conditions within Attachments K and L are met, the ISO shall allocate the revenues from the sale of the TCCs that correspond to terminated Grandfathered TCCs in the Centralized TCC Auction as Net Auction Revenues in accordance with Section 20.3.7 of this Attachment.

20.3.5 Allocation of Revenues from the Sale of Original Residual TCCs

If a Transmission Owner releases an Original Residual TCC for sale in a round of the Centralized TCC Auction, and the market-clearing price for those TCCs in that round is negative, the value of those TCCs will not be included in the determination of payments to the Transmission Owners for Original Residual TCCs released into the Centralized TCC Auction. If the market-clearing price is negative for any Original Residual TCC, the value will be set to zero for purposes of allocating auction revenues from the sale of Original Residual TCCs. If the total value of the auction revenues available for payment to the Transmission Owners for Original Residual TCCs and ETCNL released into the Centralized TCC Auction is insufficient to fund payments at market-clearing prices, the total payments to each Transmission Owner for Original Residual TCCs and ETCNL will be reduced proportionately. This proportionate reduction would include a reduction in payments reflecting a proportionate reduction in the auction value of Original Residual TCCs sold in a Direct Sale. Notwithstanding any other provision in this Tariff, Original Residual TCCs that are offered in any Centralized TCC Auction and that are assigned a negative market-clearing price or value shall not give rise to a payment obligation by the Transmission Owner that released them.

20.3.6 Charges and Payments to Transmission Owners for Auction Outages and Returns-to-Service

The ISO shall charge O/R-t-S Auction Revenue Shortfall Charges and U/D Auction Revenue Shortfall Charges and pay O/R-t-S Auction Revenue Surplus Payments and U/D Auction Revenue Surplus Payments pursuant to this Section 20.3.6. To do so, the ISO shall calculate the Auction Constraint Residual for each constraint for each round n of a Centralized TCC Auction 6-month Sub-Auction or for each month covered by Reconfiguration Auction n , as

the case may be, pursuant to Section 20.3.6.1 and then determine the amount of each Auction Constraint Residual that is O/R-t-S Auction Constraint Residual and the amount that is U/D Auction Constraint Residual, as specified in Section 20.3.6.1. The ISO shall use the O/R-t-S Auction Constraint Residual to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 20.3.6.2 and 20.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 20.3.6.5. The ISO shall use the U/D Auction Constraint Residual to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments to Transmission Owners pursuant to Sections 20.3.6.3 and 20.3.6.4, each of which shall be subject to being reduced to zero pursuant to Section 20.3.6.5.

The ISO shall not calculate an Auction Constraint Residual, O/R-t-S Auction Constraint Residual, or U/D Auction Constraint Residual for any rounds of a Centralized TCC Auction except for rounds of the 6-month Sub-Auction.

20.3.6.1 Measuring the Impact of Auction Outages and Returns-to-Service: Calculation of Auction Constraint Residuals and Division of Auction Constraint Residuals into O/R-t-S Auction Constraint Residuals and U/D Auction Constraint Residuals

The ISO shall identify all constraints that are binding in the final Optimal Power Flow solution for round n of a 6-month Sub-Auction of a Centralized TCC Auction or for each month covered by Reconfiguration Auction n , as the case may be. For each binding constraint a and for each round n of a 6-month Sub-Auction of a Centralized TCC Auction or month covered by Reconfiguration Auction n , the ISO shall calculate the Auction Constraint Residual, $ACR_{a,n}$, using Formula N-17; *provided, however*, the ISO shall recalculate $ACR_{a,n}$ using Formula N-18 if (i) $ACR_{a,n}$ is positive based on the calculation using Formula N-17, and (ii) constraint a was not binding in the Power Flow used to determine the Energy flow on constraint a in calculating the

variable $FLOW_{a,n,basecase}$ in Formula N-17.

Formula N-17

$$ACR_{a,n} = ShadowPrice_{a,n} * \left[\frac{(FLOW_{a,n,actual} - FLOW_{a,n,basecase})}{+(ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right] * \%Sold_n$$

Where,

$ACR_{a,n}$ = The Auction Constraint Residual, in dollars, for binding constraint a in round n of a 6-month Sub-Auction or in Reconfiguration Auction n

$ShadowPrice_{a,n}$ = The Shadow Price, in dollars/MW- p , of binding constraint a in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n , where p is a one-month period for the relevant month covered by Reconfiguration Auction n and p is a six-month period for round n of a 6-month Sub-Auction, which Shadow Price is calculated in a manner so that if relaxation of constraint a would permit an increase in the objective function used for round n of a 6-month Sub-Auction or Reconfiguration Auction n as described in Attachment M of this Tariff, then $ShadowPrice_{a,n}$ is positive

$FLOW_{a,n,actual}$ = The Energy flow, in MW- p , on binding constraint a resulting from a Power Flow using, as the case may be:

- (a) For a given month covered by Reconfiguration Auction n , (i) the Transmission System model for the relevant month for Reconfiguration Auction n , (ii) the set of TCCs and Grandfathered Rights represented in the solution to Reconfiguration Auction n for the relevant month (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for the relevant month covered by for Reconfiguration Auction n ; or
- (b) For round n of a 6-month Sub-Auction, (i) the Transmission System model for round n , (ii) the set of TCCs (scaled appropriately) and Grandfathered Rights represented in the solution to round n (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that

auction), and (iii) the phase angle regulator schedules produced in the Optimal Power Flow solution for round n

$FLOW_{a,n,basecase}$ = The Energy flow, in MW- p , on binding constraint a produced in, as the case may be:

- (a) For a given month covered by Reconfiguration Auction n , a Power Flow using the following base case data set: (i) the Transmission System model for the relevant month for Reconfiguration Auction n , (ii) the set of TCCs and Grandfathered Rights for the relevant month represented in the solution to the last Reconfiguration Auction held for TCCs valid during the relevant month, or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month, (including those pre-existing TCCs and Grandfathered Rights for the relevant month represented as fixed injections and withdrawals in that auction), and (iii) the phase angle regulator schedules determined in the Optimal Power Flow solution for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month); or (b) For round n of a 6-month Sub-Auction, a Power Flow run using the following base case data set: (i) the Transmission System model for the actual 6-month Sub-Auction, and (ii) the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the simulated auction) and the phase angle regulator schedules produced in a single simulated TCC auction administered for all rounds of the 6-month Sub-Auction using the

Transmission System model for the actual 6-month Sub-Auction modified so as to model as in-service all transmission facilities that were out-of-service in the Transmission System model used for the Sub-Auction and model as fully rated all transmission facilities that were derated in the Transmission System model used for the Sub-Auction, the pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in the Sub-Auction, and all bids to purchase and offers to sell made into all rounds of the Sub-Auction that includes round n

$ISORatingChange_{a,n}$ = The total change in the rating of constraint a for round n or for a given month covered by Reconfiguration Auction n resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round n or the relevant month covered by Reconfiguration Auction n , which shall be calculated as follows:

- (a) For a given month covered by Reconfiguration Auction n , zero, except that in the event of a change in the rating of constraint a resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for the relevant month covered by Reconfiguration Auction n , $ISORatingChange_{a,n}$ shall be equal to: (1) the rating limit, in MW- p , of constraint a as shown in the Reconfiguration Auction Interface Uprate/Derate Table for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the rating limit, in MW- p , of constraint a as shown in the Centralized TCC Auction Interface

Uprate/Derate Table for last Centralized TCC Auction held for TCCs valid during the relevant month), minus (2) the rating limit, in MW- p , of constraint a resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for the relevant month covered by Reconfiguration Auction n as shown in the Reconfiguration Auction Interface Uprate/Derate Table applicable for the relevant month in Reconfiguration Auction n

- (b) For round n of a 6-month Sub-Auction, zero, except that in the event of a change in the rating of a transmission facility resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round n , $ISORatingChange_{a,n}$ shall be equal to: (1) the rating limit, in MW- p , of constraint a in a case where all transmission facilities are in-service and fully rated as shown in the Centralized TCC Auction Interface Uprate/Derate Table applicable for round n , minus (2) the rating limit, in MW- p , of constraint a resulting from ISO-Directed Auction Status Changes or Deemed ISO-Directed Auction Status Changes described in Section 20.3.6.4.2, external events described in Section 20.3.6.4.3, or reasons determined by the ISO to be unrelated to Qualifying Auction Outages or Qualifying Auction Returns-to-Service for round n as shown in the Centralized TCC Auction Interface

Uprate/Derate Table applicable for round n

$OPFSignChange_{a,n} = 1$ if $ShadowPrice_{a,n}$ is greater than zero; otherwise, -1

$\%Sold_n =$ Either (i) for round n of a 6-month Sub-Auction, the percentage of transmission Capacity sold in round n , divided by the percentage of transmission Capacity sold in all rounds of the Sub-Auction of which round n is a part; or (ii) for a given month covered by Reconfiguration Auction n , 1.

Formula N-18

$$ACR_{a,n} = ShadowPrice_{a,n} * \left[\begin{array}{c} (FLOW_{a,n,actual} - FLOW_{a,n,basecase}) \\ + (ISORatingChange_{a,n} * OPFSignChange_{a,n}) \\ - (UnsoldCapacity_{a,n,PriorAuction} * OPFSignChange_{a,n}) \end{array} \right] * \%Sold_n$$

Where,

$UnsoldCapacity_{a,n,PriorAuction} =$ Either:

- (a) For a given month covered by Reconfiguration Auction n , the rating limit for binding constraint a for the relevant month applied in the model used in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last Centralized TCC Auction held for TCCs valid during the relevant month), minus the Energy flow, in MW- p , on binding constraint a for the relevant month produced in the Optimal Power Flow in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last round of that the last Centralized TCC Auction held for TCCs valid during the relevant month); or
- (b) For round n of a 6-month Sub-Auction, the rating limit for binding constraint a applied in the model used in the simulated auction run to determine $FLOW_{a,n,basecase}$ in Formula N-17, minus the Energy flow, in MW- p , on binding

constraint a produced in the Optimal Power Flow in the simulated auction run to determine $FLOW_{a,n,basecase}$ in Formula N-17

and each of the other variables is as set forth in Formula N-17; *provided, however*, if $ACR_{a,n}$ is less than zero when calculated using this Formula N-18, $ACR_{a,n}$ shall be set equal to zero.

Following calculation of the Auction Constraint Residual for each constraint a for each round n of a 6-month Sub-Auction or each month covered by Reconfiguration Auction n , the ISO shall calculate the amount of each O/R-t-S Auction Constraint Residual and the amount of each U/D Auction Constraint Residual for each constraint a for each round n of a 6-month Sub-Auction or each month covered by Reconfiguration Auction n , as the case may be. The amount of each O/R-t-S Auction Constraint Residual for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be, for constraint a shall be determined by applying Formula N-19. The amount of each U/D Auction Constraint Residual for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be, for constraint a shall be determined by applying Formula N-20.

Formula N-19

$$O/R-t-S ACR_{a,n} = ACR_{a,n} * \left[\frac{(FLOW_{a,n,actual} - FLOW_{a,n,basecase}) + (TotalRatingChange_{a,n} * OPFSignChange_{a,n})}{(FLOW_{a,n,actual} - FLOW_{a,n,basecase}) + (ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right]$$

Where:

O/R-t-S $ACR_{a,n}$ = The amount of the O/R-t-S Auction Constraint Residual for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be, for constraint a

TotalRatingChange $_{a,n}$ = The total change in the rating of constraint a , which shall be calculated as follows:

- (a) For a given month covered by Reconfiguration Auction n , TotalRatingChange $_{a,n}$ shall be equal to (1) the rating limit, in MW- p , of constraint a for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant

month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last Centralized TCC Auction held for TCCs valid during the relevant month), minus (2) the rating limit, in MW-*p*, of constraint *a* applicable for the relevant month in Reconfiguration Auction *n*

- (b) For round *n* of a 6-month Sub-Auction, TotalRatingChange_{*a,n*} shall be equal to (1) the rating limit, in MW-*p*, of constraint *a* in a case where all transmission facilities are in-service and fully rated, minus (2) the rating limit, in MW-*p*, of constraint *a* in round *n*

and the variable ACR_{*a,n*} is as calculated pursuant to Formula N-17 or, if required, pursuant to Formula N-18, and each of the other variables are as defined in Formula N-17.

Formula N-20

$$U/D\ ACR_{a,n} = ACR_{a,n} * \left[\frac{-(TotalRatingChange_{a,n} - ISORatingChange_{a,n}) * OPFSignChange_{a,n}}{(FLOW_{a,n,actual} - FLOW_{a,n,basewcase}) + (ISORatingChange_{a,n} * OPFSignChange_{a,n})} \right]$$

Where,

U/D ACR_{*a,n*} = The amount of the U/D Auction Constraint Residual for round *n* of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction *n*, as the case may be, for constraint *a*

and the variable ACR_{*a,n*} is as calculated pursuant to Formula N-17 or, if required, pursuant to Formula N-18, the variable TotalRatingChange_{*a,n*} is defined as set forth in Formula N-19 and each of the other variables are defined as set forth in Formula N-17.

20.3.6.2 Charges and Payments for the Direct Impact of Auction Outages and Returns-to-Service

The ISO shall use O/R-t-S Auction Constraint Residuals to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.3.6.2. Each O/R-t-S Auction Revenue

Shortfall Charge and each O/R-t-S Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.3.6.2 is subject to being set equal to zero pursuant to Section 20.3.6.5.

20.3.6.2.1 Identification of Outages and Returns-to-Service Qualifying for Charges and Payments

For each round of a 6-month Sub-Auction or each month covered by a Reconfiguration Auction, as the case may be, the ISO shall identify each Qualifying Auction Outage and each Qualifying Auction Return-to-Service, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.3.6.4, for the Qualifying Auction Outage or Qualifying Auction Return-to-Service shall be allocated an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment pursuant to Sections 20.3.6.2.2 or 20.3.6.2.3.

20.3.6.2.1.1 Definition of Qualifying Auction Outage

A “**Qualifying Auction Outage**” (which term shall apply to round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be) shall be defined to mean either an Actual Qualifying Auction Outage or a Deemed Qualifying Auction Outage. For purposes of this Attachment N, “ o ” shall refer to a single Qualifying Auction Outage.

An “**Actual Qualifying Auction Outage**” (which term shall apply to round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be) shall be defined as a transmission facility that, for a given round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be:

- (a) For a given month covered by Reconfiguration Auction n , meets each of the

following requirements:

- (i) the facility existed and was modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
 - (ii) the facility exists but is not modeled as in-service in the relevant month for Reconfiguration Auction n ;
 - (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); or
- (b) For round n of a 6-month Sub-Auction, meets each of the following requirements:
- (i) the facility exists but is not modeled as in-service for round n of a 6-month Sub-Auction; and
 - (ii) the facility was not Normally Out-of-Service Equipment at the time of stage 1 round n of that 6-month Sub-Auction.

A “**Deemed Qualifying Auction Outage**” (which term shall apply only to a given month covered by Reconfiguration Auction n) shall be defined as a transmission facility that, for the relevant month covered by Reconfiguration Auction n , meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service for the relevant month in the

- last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (ii) the facility existed but was not modeled as in-service for the relevant month in Reconfiguration Auction *n* as a result of an Auction Status Change or external event described in Section 20.3.6.4.3 in the relevant month covered by Reconfiguration Auction *n* for which responsibility was assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

20.3.6.2.1.2 Definition of Qualifying Auction Return-to-Service

A “**Qualifying Auction Return-to-Service**” shall be defined to mean either an Actual Qualifying Auction Return-to-Service or a Deemed Qualifying Auction Return-to-Service. For

purposes of this Attachment N, “o” shall refer to a single Qualifying Auction Return-to-Service.

An “**Actual Qualifying Auction Return-to-Service**” shall be defined as a transmission facility that, for a given month covered by Reconfiguration Auction n , meets each of the following requirements:

- (i) the facility existed but was not modeled as in-service in the relevant month for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
- (ii) the facility exists and is modeled as in-service for the relevant month in Reconfiguration Auction n ;
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

Notwithstanding any other provision of this Attachment N, a transmission facility returning to service for round n of a 6-month Sub-Auction shall not be an Actual Qualifying Auction Return-to-Service for that round n and shall not qualify a Transmission Owner for an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment for that round n .

A “**Deemed Qualifying Auction Return-to-Service**” shall be defined as a transmission facility that, for a given month covered by Reconfiguration Auction n , meets each of the

following requirements:

- (i) the facility existed but was not modeled as in-service for the relevant month in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (ii) the facility existed but was not modeled as in-service for the relevant month in Reconfiguration Auction *n* as a result of an Auction Status Change or external event described in Section 20.3.6.4.3 in the relevant month covered by Reconfiguration Auction *n* for which responsibility was assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner assigned responsibility for the facility not being modeled as in-service in the relevant month for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); and
- (iii) the facility was not Normally Out-of-Service Equipment for the relevant month at the time of the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

20.3.6.2.2 Allocation of an O/R-t-S Auction Constraint Residual When Only One Transmission Owner is Responsible for All of the Relevant Outages and

Returns-to-Service

This Section 20.3.6.2.2 describes the allocation of an O/R-t-S Auction Constraint Residual for a given round of a 6-month Sub-Auction or a given month covered by a Reconfiguration Auction, as the case may be, and a given constraint when only one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for all of the Qualifying Auction Outages and all of the Qualifying Auction Returns-to-Service for that round of a 6-month Sub-Auction or the relevant month covered by that Reconfiguration Auction that contribute to that constraint.

If the same Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for all of the Qualifying Auction Outages o and Qualifying Auction Returns-to-Service o for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n that contribute to constraint a , then the ISO shall allocate the O/R-t-S Auction Constraint Residual for that round n of a 6-month Sub-Auction or that month covered by Reconfiguration Auction n and that constraint, O/R-t-S $ACR_{a,n}$, to that Transmission Owner in the form of either (i) an O/R-t-S Auction Revenue Shortfall Charge in the amount of O/R-t-S $ACR_{a,n}$ if O/R-t-S $ACR_{a,n}$ is negative, or (ii) an O/R-t-S Auction Revenue Surplus Payment in the amount of O/R-t-S $ACR_{a,n}$ if O/R-t-S $ACR_{a,n}$ is positive.

20.3.6.2.3 Allocation of an O/R-t-S Auction Constraint Residual When More Than One Transmission Owner is Responsible for the Relevant Outages and Returns-to-Service

This Section 20.3.6.2.3 describes the allocation of an O/R-t-S Auction Constraint Residual for a given round of a 6-month Sub-Auction or a given month covered by a Reconfiguration Auction, as the case may be, and a given constraint when more than one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for the

Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for the round of a 6-month Sub-Auction or the relevant month covered by the Reconfiguration Auction that contribute to the constraint.

If more than one Transmission Owner is responsible, as determined pursuant to Section 20.3.6.4, for the Qualifying Auction Outages and the Qualifying Auction Returns-to-Service for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n that contribute to constraint a , the ISO shall allocate the O/R-t-S Auction Constraint Residual for constraint a for round n of a 6-month Sub-Auction or for the relevant month covered by Reconfiguration Auction n , O/R-t-S $ACR_{a,n}$, in the form of an O/R-t-S Auction Revenue Shortfall Charge or O/R-t-S Auction Revenue Surplus Payment to the Transmission Owners responsible for the Qualifying Auction Outages o and Qualifying Auction Returns-to-Service o for round n of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction n by first determining the net total impact on the constraint of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round n of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction n with an impact on the Energy flow across that constraint of 1 MW- p or more by applying Formula N-21, and then applying either Formula N-22 or Formula N-23, as specified herein, to assess O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments.

Formula N-21

$$O/R-t-SNetAuctionImpact_{a,n} = \sum_{for\ all\ o \in O_n} FlowImpact_{a,n,o} * ShadowPrice_{a,n}$$

Where,

$O/R-t-SNetAuctionImpact_{a,n}$ = The net impact, in dollars, for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be, on

constraint a of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round n of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction n having an impact of more than 1 MW- p on Energy flow across constraint a ; *provided, however*, $O/R-t-SNetAuctionImpact_{a,n}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula N-21

$FlowImpact_{a,n,o}$ = The Energy flow impact, in MW- p , of a Qualifying Auction Outage o or Qualifying Auction Return-to-Service o on binding constraint a determined for a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, which shall either:

- (a) if Qualifying Auction Outage o is a Deemed Qualifying Auction Outage, be equal to the negative of $FlowImpact_{a,n,o}$ calculated for the corresponding Deemed Qualifying Auction Return-to-Service as described in part (b) of this definition of $FlowImpact_{a,n,o}$, or
- (b) if Qualifying Auction Outage o or Qualifying Auction Return-to-Service o is an Actual Qualifying Auction Outage, an Actual Qualifying Auction Return-to-Service, or a Deemed Qualifying Auction Return-to-Service, be calculated pursuant to the following formula:

$$FlowImpact_{a,n,o} = BaseCaseFlow_{a,n} - One-OffFlow_{a,n,o}$$

Where,

$BaseCaseFlow_{a,n}$ = Either, as the case may be:

- (i) for a given month covered by Reconfiguration Auction n , the Energy flow on constraint a resulting from a Power Flow using (1) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the actual TCCs and Grandfathered Rights for the relevant month represented in the solution to the last Reconfiguration Auction held for TCCs valid during the relevant month, or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during

- the relevant month, (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction); (2) the phase angle regulator schedules determined in the Optimal Power Flow solution for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the final round of the last 6-month Sub-Auction held for TCCs valid during the relevant month); and (3) the Transmission System model for the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month); or
- (ii) for any round of a 6-month Sub-Auction, the Energy flow on constraint a resulting from a Power Flow run using the following base case data set: (1) the Transmission System model for the actual 6-month Sub-Auction, modified so as to model as in-service all transmission facilities that were out-of-service for the actual 6-month Sub-Auction, and (2) the set of injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the base case set of TCCs (including those pre-existing TCCs and Grandfathered Rights that are represented as fixed injections and withdrawals in the 6-month Sub-Auction) and the phase angle regulator schedules produced in the Optimal Power Flow used to calculate the Energy flow on constraint a for round n of a 6-month Sub-Auction, as described in the definition of $FLOW_{a,n,basecase}$ in Formula N-17

One-OffFlow_{a,n,o} = Either

- (i) if Qualifying Auction Outage o or Qualifying Auction Return-to-Service o is an

- Actual Qualifying Auction Outage or an Actual Qualifying Auction Return-to-Service, the Energy flow on constraint a resulting from a Power Flow using each element of the base case data set used in the calculation of $\text{BaseCaseFlow}_{a,n}$ above (*provided, however, if a transmission facility was modeled as free-flowing in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n , as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing*), but in each case with the Transmission System model modified so as to, as the case may be, either (i) model as out-of-service Actual Qualifying Auction Outage o , or (ii) model as in-service Actual Qualifying Auction Return-to-Service o ; or
- (ii) if Qualifying Auction Return-to-Service o is a Deemed Qualifying Auction Return-to-Service, the Energy flow on constraint a resulting from a Power Flow using each element of the base case data set used in the calculation of $\text{BaseCaseFlow}_{a,n}$ above (*provided, however, if a transmission facility was modeled as free-flowing in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n , as the case may be, because of the outage of any transmission facility, the ISO shall appropriately adjust the phase angle regulator schedules and related variables to model the transmission facility as free flowing*), but with the Transmission System model modified so as to model as in-service the facility that is Deemed Qualifying Auction Return-to-Service o ;
- provided, however, where the absolute value of $\text{FlowImpact}_{a,n,o}$ calculated using the procedures set forth above is less than 1 MW- p , then $\text{FlowImpact}_{a,n,o}$*

shall be set equal to zero *provided further*, $\text{FlowImpact}_{a,n,o}$ shall be subject to
being set equal to zero as specified in the paragraph immediately following this
Formula N-21

- O_n = The set of all Qualifying Auction Outages o and Qualifying Auction Returns-to-Service o in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n
- p = A one-month period for a given month covered by Reconfiguration Auction n , or a six-month period for round n of a 6-month Sub-Auction

and the variable $\text{ShadowPrice}_{a,n}$ is defined as set forth in Formula N-17.

After calculating O/R-t-S $\text{NetAuctionImpact}_{a,n}$ pursuant to Formula N-21, the ISO shall determine whether O/R-t-S $\text{NetAuctionImpact}_{a,n}$ for constraint a in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n has a different sign than O/R-t-S $\text{ACR}_{a,n}$ for constraint a in round n of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction n . If the sign is different, the ISO shall (i) recalculate O/R-t-S $\text{NetAuctionImpact}_{a,n}$ pursuant to Formula N-21 after setting equal to zero each $\text{FlowImpact}_{a,n,o}$ for which $\text{FlowImpact}_{a,n,o} * \text{ShadowPrice}_{a,n}$ has a different sign than O/R-t-S $\text{ACR}_{a,n}$, and then (ii) use this recalculated O/R-t-S $\text{NetAuctionImpact}_{a,n}$ and reset value of $\text{FlowImpact}_{a,n,o}$ to allocate O/R-t-S Auction Revenue Shortfall Charges and O/R-t-S Auction Revenue Surplus Payments pursuant to Formula N-22 or Formula N-23, as specified below.

If the absolute value of the net impact (O/R-t-S $\text{NetAuctionImpact}_{a,n}$) on constraint a of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n as calculated using Formula N-21 (or recalculated pursuant to Formula N-21 using a reset value of $\text{FlowImpact}_{a,n,o}$ as described in the prior paragraph) is greater than the absolute value of the O/R-t-S Auction Constraint Residual (O/R-t-S $\text{ACR}_{a,n}$) for constraint a in round n of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction n , as the case may be, then the ISO shall

allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC_{a,t,n}, or O/R-t-S Auction Revenue Surplus Payment, O/R-t-S ARSP_{a,t,n}, by using Formula N-22. If the absolute value of the net impact (O/R-t-S NetAuctionImpact_{a,n}) on constraint *a* of all Qualifying Auction Outages and Qualifying Auction Returns-to-Service for round *n* of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction *n* as calculated using Formula N-21 (or recalculated pursuant to Formula N-21 using a reset value of FlowImpact_{a,n,o} as described in the prior paragraph) is less than or equal to the absolute value of the O/R-t-S Auction Constraint Residual (O/R-t-S ACR_{a,n}) for constraint *a* in round *n* of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction *n*, as the case may be, then the ISO shall allocate the O/R-t-S Auction Constraint Residual in the form of an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC_{a,t,n}, or O/R-t-S Auction Revenue Surplus Payment, O/R-t-S ARSP_{a,t,n}, by using Formula N-23.

Formula N-22

$$O/R-t-S Allocation_{a,t,n} = \left(\frac{\sum_{\substack{o \in O_n \\ \text{and } q=t}} (FlowImpact_{a,n,o} * Responsibility_{n,q,o})}{\sum_{\text{for all } o \in O_n} FlowImpact_{a,n,o}} \right) * O/R-t-S ACR_{a,n}$$

Where,

O/R-t-S Allocation_{a,t,n} = Either an O/R-t-S Auction Revenue Shortfall Charge or an O/R-t-S Auction Revenue Surplus Payment, as specified in (a) and (b) below:

- (a) If O/R-t-S Allocation_{a,t,n} is negative, then O/R-t-S Allocation_{a,t,n} shall be an O/R-t-S Auction Revenue Shortfall Charge, O/R-t-S ARSC_{a,t,n}, charged to Transmission Owner *t* for binding constraint *a* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction; or
- (b) If O/R-t-S Allocation_{a,t,n} is positive, then O/R-t-S Allocation_{a,t,n} shall be an O/R-t-S Auction Revenue Surplus Payment, O/R-t-S

ARSP_{a,t,n}, paid to Transmission Owner *t* for binding constraint *a* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction

Responsibility_{n,q,o} = The amount, as a percentage, of responsibility borne by Transmission Owner *q* (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.3.6.4.2 or 20.3.6.4.3) for Qualifying Auction Outage *o* or Qualifying Auction Return-to-Service *o* in a given month covered by Reconfiguration Auction *n* or round *n* of a 6-month Sub-Auction, as determined pursuant to Section 20.3.6.4

and the variable O/R-t-S ACR_{a,n} is defined as set forth in Formula N-19 and the variables

FlowImpact_{a,n,o} and O_n are defined as set forth in Formula N-21.

Formula N-23

$$O/R-t-S Allocation_{a,t,n} = \sum_{\substack{o \in O_n \\ \text{and } q=t}} FlowImpact_{a,n,o} * ShadowPrice_{a,n} * Responsibility_{n,q,o}$$

Where,

the variable ShadowPrice_{a,n} is defined as set forth in Formula N-17, the variables O/R-t-S Allocation_{a,t,n} and Responsibility_{n,q,o} are defined as set forth in Formula N-22, and the variables FlowImpact_{a,n,o} and O_n are defined as set forth in Formula N-21.

20.3.6.3 Charges and Payments for the Secondary Impact of Auction Outages and Returns-to-Service

The ISO shall use U/D Auction Constraint Residuals to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments, as the case may be, among Transmission Owners pursuant to this Section 20.3.6.3. Each U/D Auction Revenue Shortfall Charge and each U/D Auction Revenue Surplus Payment allocated to a Transmission Owner pursuant to this Section 20.3.6.3 is subject to being set equal to zero pursuant to Section 20.3.6.5.

20.3.6.3.1 Identification of Upratings and Deratings Qualifying for Charges and

Payments

For each constraint for each round of a 6-month Sub-Auction or each month covered by a Reconfiguration Auction, the ISO shall identify each Qualifying Auction Derating and each Qualifying Auction Up-rating, as described below. The Transmission Owner responsible, as determined pursuant to Section 20.3.6.4, for a Qualifying Auction Derating or Qualifying Auction Up-rating shall be allocated a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as the case may be, pursuant to Section 20.3.6.3.2.

20.3.6.3.1.1 Definition of Qualifying Auction Derating

A “**Qualifying Auction Derating**” (which term shall apply to round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be) shall be defined to mean an Actual Qualifying Auction Derating or a Deemed Qualifying Auction Derating. For purposes of this Attachment N, “ r ” shall refer to a single Qualifying Auction Derating.

An “**Actual Qualifying Auction Derating**” (which term shall apply to round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n , as the case may be) shall be defined as a change in the rating of a constraint that, for a given constraint a and a given round n or a given month covered by Reconfiguration Auction n meets each of the following requirements:

For a given month covered by Reconfiguration Auction n :

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction n than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction n ;
- (ii) this lower rating is in whole or in part the result of an Actual Qualifying Auction

- Outage o or an Actual Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n ;
- (iii) the lower rating resulting from Actual Qualifying Auction Outage o or Actual Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n was not modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
 - (iv) this lower rating for the relevant month is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n ;
and
 - (v) the constraint was binding in the relevant month covered by Reconfiguration Auction n .

For round n of a 6-month Sub-Auction:

- (i) the constraint has a lower rating in round n of the 6-month Sub-Auction than that constraint would have in a case where all transmission facilities are in-service and fully rated;
- (ii) this lower rating is the result of an Actual Qualifying Auction Outage o or Actual Qualifying Auction Return-to-Service o for round n of the 6-month Sub-Auction;
- (iii) this lower rating is included in the Centralized TCC Auction Interface Uprate/Derate Table in effect for round n of the 6-month Sub-Auction; and
- (iv) the constraint is binding in round n of the 6-month Sub-Auction.

A “**Deemed Qualifying Auction Derating**” (which term shall apply to a given month

covered by Reconfiguration Auction n) shall be defined as a change in the rating of a constraint that, for a given constraint a and a given month covered by Reconfiguration Auction n meets each of the following requirements:

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction n than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction n ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage o or Deemed Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n ;
- (iii) this lower rating resulting from Deemed Qualifying Auction Outage o or Deemed Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n was modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), but responsibility for Qualifying Auction Outage o or Qualifying Auction Return-to-Service o resulting in the lower rating for the relevant month covered by Reconfiguration Auction n is assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner responsible for the lower rating in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);

- (iv) this lower rating is included for the relevant month in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n ; and
- (v) the constraint is binding in the relevant month covered by Reconfiguration Auction n .

20.3.6.3.1.2 Definition of Qualifying Auction Uprating

A “**Qualifying Auction Uprating**” shall be defined to mean either an Actual Qualifying Auction Uprating or a Deemed Qualifying Auction Uprating. For purposes of this Attachment N, “ r ” shall refer to a single Qualifying Auction Uprating.

An “**Actual Qualifying Auction Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint a and a given month covered by Reconfiguration Auction n , as the case may be, meets each of the following requirements:

- (i) the constraint has a higher rating for the relevant month covered by Reconfiguration Auction n than it would have absent an Actual Qualifying Auction Outage o or Actual Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n ;
- (ii) this higher rating resulting from Actual Qualifying Auction Outage o or Actual Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n was not modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iii) this higher rating in the relevant month covered by Reconfiguration Auction n is

included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n ; and

- (iv) the constraint is binding in the relevant month covered by Reconfiguration Auction n .

Notwithstanding any other provision of this Attachment N, a transmission facility uprating for a round of a 6-month Sub-Auction shall not be a Qualifying Auction Uprating and shall not qualify a Transmission Owner for a U/D Auction Revenue Shortfall Charge or U/D Auction Revenue Surplus Payment.

A “**Deemed Qualifying Auction Uprating**” shall be defined as a change in the rating of a constraint that, for a given constraint a and a given month covered by Reconfiguration Auction n , as the case may be, meets each of the following requirements:

- (i) the constraint has a lower rating in the relevant month covered by Reconfiguration Auction n than it would have if all transmission facilities were modeled as in-service for the relevant month in Reconfiguration Auction n ;
- (ii) this lower rating is in whole or in part the result of a Deemed Qualifying Auction Outage o or Deemed Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n ;
- (iii) this lower rating resulting from Deemed Qualifying Auction Outage o or Deemed Qualifying Auction Return-to-Service o for the relevant month covered by Reconfiguration Auction n was modeled in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month), but responsibility for Qualifying

- Auction Outage o or Qualifying Auction Return-to-Service o resulting in the lower rating for the relevant month covered by Reconfiguration Auction n is assigned pursuant to Section 20.3.6.4 to a Transmission Owner (including the ISO when it is deemed a Transmission Owner pursuant to Section 20.3.6.4) other than the Transmission Owner responsible for the lower rating in the last Reconfiguration Auction held for TCCs valid during the relevant month (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month);
- (iv) this lower rating in the relevant month covered by Reconfiguration Auction n is included in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n ; and
 - (v) the constraint is binding in the relevant month covered by Reconfiguration Auction n .

20.3.6.3.2 Allocation of U/D Auction Constraint Residuals

This Section 20.3.6.3.2 describes the allocation of U/D Auction Constraint Residuals to Qualifying Auction Deratings and Qualifying Auction Upratings.

When there are Qualifying Auction Deratings or Qualifying Auction Upratings in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction for constraint a , the ISO shall allocate a U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D ARSC _{a,t,n} , or U/D Auction Revenue Surplus Payment, U/D ARSP _{a,t,n} , by first determining the net total impact on the constraint for the round n of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction n of all Qualifying Auction Deratings r and Qualifying Auction Upratings r for constraint a in the relevant month

covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction pursuant to Formula N-24 and then applying either Formula N-25 or Formula N-26, as specified herein, to assess U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments.

Formula N-24

$$U/D \text{ NetAuctionImpact}_{a,n} = \left(\sum_{r \in R_{a,n}} \text{RatingChange}_{a,n,r} * \text{ShadowPrice}_{a,n} \right) * \text{OPFSignChange}_{a,n}$$

Where,

$U/D \text{ NetAuctionImpact}_{a,n}$ = The net impact, in dollars, on constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction; *provided, however*, $U/D \text{ NetAuctionImpact}_{a,n}$ shall be subject to recalculation as specified in the paragraph immediately following this Formula N-24

$\text{RatingChange}_{a,n,r}$ = Either:

- (a) If Qualifying Auction Derating r or Qualifying Auction Uprating r is a Deemed Qualifying Auction Derating or a Deemed Qualifying Auction Uprating, $\text{RatingChange}_{a,n,r}$ shall be equal to the amount, in MW- p , of the decrease or increase in the rating of binding constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction resulting from a Deemed Qualifying Auction Outage or Deemed Qualifying Auction Return-to-Service for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, which in the case of the relevant month covered by Reconfiguration Auction n shall be as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n , and which in the case of round n of a 6-month Sub-

Auction shall be as shown in the Centralized TCC Auction Interface

Uprate/Derate Table in effect for round n of a 6-month Sub-Auction; or

- (b) If Qualifying Auction Derating r or Qualifying Auction Uprating r is an Actual Qualifying Auction Derating or an Actual Qualifying Auction Uprating, $\text{RatingChange}_{a,n,r}$ shall be equal to the amount, in MW- p , of the decrease or increase in the rating of binding constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction resulting from an Actual Qualifying Auction Outage or Actual Qualifying Auction Return-to-Service for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, which in the case of the relevant month covered by Reconfiguration Auction n shall be as shown in the Reconfiguration Auction Interface Uprate/Derate Table in effect for Reconfiguration Auction n , and which in the case of round n of a 6-month Sub-Auction shall be as shown in the Centralized TCC Auction Interface Uprate/Derate Table in effect for round n of a 6-month Sub-Auction;

provided, however, $\text{RatingChange}_{a,n,r}$ shall be subject to being set equal to zero as specified in the paragraph immediately following this Formula N-24

$R_{a,n}$ = The set of all Qualifying Auction Deratings r or Qualifying Auction Upratings r for binding constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction and the variables $\text{ShadowPrice}_{a,n}$ and $\text{OPFSignChange}_{a,n}$ are defined as set forth in Formula N-17.

After calculating $\text{U/D NetAuctionImpact}_{a,n}$ pursuant to Formula N-24, the ISO shall determine whether $\text{U/D NetAuctionImpact}_{a,n}$ for constraint a in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n has a different sign than U/D

$ACR_{a,n}$ for constraint a in round n of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction n . If the sign is different, the ISO shall (i) recalculate U/D $NetAuctionImpact_{a,n}$ pursuant to Formula N-24 after setting equal to zero each $RatingChange_{a,n,r}$ for which $RatingChange_{a,n,r} * ShadowPrice_{a,n} * OPFSignChange_{a,n}$ has a different sign than U/D $ACR_{a,n}$, and then (ii) use this recalculated U/D $NetAuctionImpact_{a,n}$ and reset value of $RatingChange_{a,n,r}$ to allocate U/D Auction Revenue Shortfall Charges and U/D Auction Revenue Surplus Payments pursuant to Formula N-25 or Formula N-26, as specified below.

If the absolute value of the net impact (U/D $NetAuctionImpact_{a,n}$) on constraint a for a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction as calculated using Formula N-24 (or recalculated pursuant to Formula N-24 using a reset value of $RatingChange_{a,n,r}$ as described in the prior paragraph) is greater than the absolute value of the U/D Auction Constraint Residual (U/D $ACR_{a,n}$) for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, as the case may be, then the ISO shall allocate the U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D $ARSC_{a,t,n}$, or U/D Auction Revenue Surplus Payment, U/D $ARSP_{a,t,n}$, by using Formula N-25. If the absolute value of the net impact (U/D $NetAuctionImpact_{a,n}$) on constraint a for a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction of all Qualifying Auction Deratings or Qualifying Auction Upratings for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction as calculated using Formula N-24 (or recalculated pursuant to Formula N-24 using a reset value of $RatingChange_{a,n,r}$ as described in the prior paragraph) is less than or equal to the

absolute value of the U/D Auction Constraint Residual (U/D $ACR_{a,n}$) for constraint a in the relevant month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, as the case may be, then the ISO shall allocate the U/D Auction Constraint Residual in the form of a U/D Auction Revenue Shortfall Charge, U/D $ARSC_{a,t,n}$, or U/D Auction Revenue Surplus Payment, U/D $ARSP_{a,t,n}$, by using Formula N-26.

Formula N-25

$$U/D Allocation_{a,t,n} = \left(\frac{\sum_{\substack{r \in R_{a,n} \\ \text{and } q=t}} (RatingChange_{a,n,r} * Responsibility_{n,q,r})}{\sum_{\text{for all } r \in R_{a,n}} RatingChange_{a,n,r}} \right) * U/D ACR_{a,n}$$

Where,

U/D Allocation $_{a,t,n}$ = Either a U/D Auction Revenue Shortfall Charge or a U/D Auction Revenue Surplus Payment, as specified in (a) and (b) below:

(a) If U/D Allocation $_{a,t,n}$ is negative, then U/D Allocation $_{a,t,n}$ shall be a U/D Auction Revenue Shortfall Charge, U/D $ARSC_{a,t,n}$, charged to Transmission Owner t for binding constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction; or

(b) If U/D Allocation $_{a,t,n}$ is positive, then U/D Allocation $_{a,t,n}$ shall be a U/D Auction Revenue Surplus Payment, U/D $ARSP_{a,t,n}$, paid to Transmission Owner t for binding constraint a in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction

Responsibility $_{n,q,r}$ = The amount, as a percentage, of responsibility borne by Transmission Owner q (which shall include the ISO when it is deemed a Transmission Owner for the purpose of applying Sections 20.3.6.4.2 or 20.3.6.4.3) for Qualifying Auction Derating r or Qualifying Auction Up-rating r in a given month covered by Reconfiguration Auction n or round n of a 6-month Sub-Auction, as determined pursuant to Section 20.3.6.4

and the variable U/D $ACR_{a,n}$ is defined as set forth in Formula N-20 and the variables

RatingChange $_{a,n,r}$ and $R_{a,n}$ are defined as set forth in Formula N-24.

Formula N-26

$$U/D Allocation_{a,t,n} = \sum_{\substack{r \in R_{a,n} \\ \text{and } q=t}} RatingChange_{a,n,r} * ShadowPrice_{a,n} * Responsibility_{n,q,r}$$

Where,

the variables $U/D Allocation_{a,t,n}$ and $Responsibility_{n,q,r}$ are defined as set forth in Formula N-25, the variable $ShadowPrice_{a,n}$ is defined as set forth in Formula N-17, and the variables $RatingChange_{a,n,r}$ and $R_{a,n}$ are defined as set forth in Formula N-24.

20.3.6.4 Assigning Responsibility for Outages, Returns-to-Service, Deratings, and Upratings

20.3.6.4.1 General Rule for Assigning Responsibility; Presumption of Causation

Unless the special rules set forth in Sections 20.3.6.4.2 or 20.3.6.4.3 apply, a Transmission Owner shall for purposes of this Section 20.3.6 be deemed responsible for an Auction Status Change to the extent that the Transmission Owner has caused the Auction Status Change by changing the in-service or out-of-service status of its transmission facility; *provided, however,* that where an Auction Status Change results from a change to the in-service or out-of-service status of a transmission facility owned by more than one Transmission Owner, responsibility for such Auction Status Change shall be assigned to each owning Transmission Owner based on the percentage of the transmission facility that is owned by the Transmission Owner (as determined in accordance with Section 20.3.6.6.3). For the sake of clarity, a Transmission Owner may, by changing the in-service or out-of-service status of its transmission facility, cause an Auction Status Change of another transmission facility if the Transmission Owner's change in the in-service or out-of-service status of its transmission facility causes (directly or as a result of Good Utility Practice) a change in the in-service or out-of-service status of the other transmission facility.

The Transmission Owner that owns a transmission facility that qualifies as an Auction Status Change shall be deemed to have caused the Auction Status Change of that transmission facility unless (i) the Transmission Owner that owns the facility informs the ISO that another Transmission Owner caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Sections 20.3.6.4.2 or 20.3.6.4.3, and no party disputes such claim; (ii) in case of a dispute over the assignment of responsibility, the ISO determines a Transmission Owner other than the owner of the transmission facility caused the Auction Status Change or that responsibility is to be shared among Transmission Owners in accordance with Section 20.3.6.4.2 or Section 20.3.6.4.3; or (iii) FERC orders otherwise.

20.3.6.4.2 Shared Responsibility For Outages, Returns-to-Service, and Ratings Changes Directed by the ISO or Caused by Facility Status Changes Directed by the ISO

A Transmission Owner shall not be responsible for any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change as part of Net Auction Revenues for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n . To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 20.3.6.2 and Section 20.3.6.3, and any Auction Status Change that qualifies as an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change shall be attributed to the ISO when performing the calculations described in Section 20.3.6.2 and Section 20.3.6.3; *provided, however*, any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment

allocable to the ISO pursuant to this Section 20.3.6.4.2 shall ultimately be allocated to the Transmission Owners as Net Auction Revenues pursuant to Section 20.3.7.

Responsibility for a Qualifying Auction Return-to-Service or Qualifying Auction Upgrading that is directed by the ISO but does not qualify as a Deemed ISO-Directed Auction Status Change shall be assigned to the Transmission Owner that was responsible for the Qualifying Auction Outage or Qualifying Auction Derating in the last Reconfiguration Auction held for TCCs valid during the a given month covered by Reconfiguration Auction n (or if no Reconfiguration Auction was held for TCCs valid during the relevant month, then the last 6-month Sub-Auction held for TCCs valid during the relevant month).

The ISO shall not direct that a transmission facility be modeled as in-service or out-of-service for purposes of a given month covered by a Reconfiguration Auction without the unanimous consent of the Transmission Owner(s), if any, that will be allocated a resulting O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment in accordance with this Section 20.3.6.4.2.

20.3.6.4.3 Shared Responsibility for External Events

A Transmission Owner shall not be responsible for an Auction Status Change occurring inside the NYCA that is caused by a change in the in-service or out-of-service status or rating of a transmission facility located outside the NYCA. Instead, the ISO shall allocate any revenue impacts resulting from an Auction Status Change caused by such an event outside the NYCA as part of Net Auction Revenues for round n of a 6-month Sub-Auction or a given month covered by Reconfiguration Auction n . To do so, the ISO shall be treated as a Transmission Owner when allocating Auction Constraint Residuals pursuant to Section 20.3.6.2 and Section 20.3.6.3 and

any Auction Status Change caused by such an event outside the NYCA shall be attributed to the ISO; *provided, however*, any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocable to the ISO pursuant to this Section 20.3.6.4.3 shall ultimately be allocated to the Transmission Owners as Net Auction Revenues pursuant to Section 20.3.7.

20.3.6.5 Exceptions: Setting Charges and Payments to Zero

20.3.6.5.1 Zeroing Out of Charges and Payments When Outages and Deratings Lead to Net Payments or Returns-to-Service and Upratings Lead to Net Charges

The ISO shall use Formula N-27 to calculate the total O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments, $NetAuctionAllocations_{t,n}$, for Transmission Owner t in round n of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction n , as the case may be. Based on this calculation, the ISO shall set equal to zero all O/R-t-S $ARSC_{a,t,n}$, U/D $ARSC_{a,t,n}$, O/R-t-S $ARSP_{a,t,n}$, and U/D $ARSP_{a,t,n}$ (each as defined in Formula N-27) for Transmission Owner t for all constraints for round n of a 6-month Sub-Auction or the relevant month covered by Reconfiguration Auction n , as the case may be, if (i) $NetAuctionAllocations_{t,n}$ is positive and Transmission Owner t is not responsible (as determined pursuant to Section 20.3.6.4) for any Qualifying Auction Returns-to-Service or Qualifying Auction Upratings in round n of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction n , as the case may be, or (ii) $NetAuctionAllocations_{t,n}$ is negative and Transmission Owner t is not responsible (as determined pursuant to Section 20.3.6.4) for any Qualifying Auction Outages or Qualifying Auction Deratings in round n of a 6-month Sub-Auction or in the relevant month covered by Reconfiguration Auction n , as the case may be;

provided, however, the ISO shall not set equal to zero pursuant to this Section 20.3.6.5.1 any O/R-t-S ARSC_{a,t,n}, U/D ARSC_{a,t,n}, O/R-t-S ARSP_{a,t,n}, or U/D ARSP_{a,t,n} arising from an ISO-Directed Auction Status Change or Deemed ISO-Directed Auction Status Change described in Section 20.3.6.4.2 or external events described in Section 20.3.6.4.3.

Formula N-27

$$NetAuctionAllocations_{t,n} = \sum_{\text{for all } a} (O/R-t-S ARSC_{a,t,n} + U/D ARSC_{a,t,n} + O/R-t-S ARSP_{a,t,n} + U/D ARSP_{a,t,n})$$

Where,

NetAuctionAllocations_{t,n} = The total of the O/R-t-S Auction Revenue Shortfall Charges, U/D Auction Revenue Shortfall Charges, O/R-t-S Auction Revenue Surplus Payments, and U/D Auction Revenue Surplus Payments allocated to Transmission Owner *t* in round *n* of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction *n*

O/R-t-S ARSC_{a,t,n} = An O/R-t-S Auction Revenue Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in round *n* of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction *n*, calculated pursuant to Section 20.3.6.2

U/D ARSC_{a,t,n} = A U/D Auction Revenue Shortfall Charge allocated to Transmission Owner *t* for binding constraint *a* in round *n* of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction *n*, calculated pursuant to Section 20.3.6.3

O/R-t-S ARSP_{a,t,n} = An O/R-t-S Auction Revenue Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in round *n* of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction *n*, calculated pursuant to Section 20.3.6.2

U/D ARSP_{a,t,n} = A U/D Auction Revenue Surplus Payment allocated to Transmission Owner *t* for binding constraint *a* in round *n* of a 6-month Sub-Auction or in a given month covered by Reconfiguration Auction *n*, calculated pursuant to Section 20.3.6.3.

20.3.6.5.2 Zeroing Out of Charges and Payments Resulting from Formula Failure

Notwithstanding any other provision of this Attachment N, the ISO shall set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment allocated to a

Transmission Owner for a given month covered by a Reconfiguration Auction or a round of a Centralized TCC Auction if either:

- (i) data necessary to compute such a charge or payment, as specified in the formulas set forth in Section 20.3.6, is not known by the ISO and cannot be computed by the ISO (in interpreting this clause, equipment failure shall not preclude computation by the ISO unless necessary data is irretrievably lost); or
- (ii) both (a) the charge or payment is clearly and materially inconsistent with cost causation principles; and (b) this inconsistency is the result of factors not taken into account in the formulas used to calculate the charge or payment;

provided, however, if the amount of charges or payments set equal to zero as a result of the unknown data or inaccurate formula is greater than twenty five thousand dollars (\$25,000) in any given month or greater than one hundred thousand dollars (\$100,000) over multiple months, the ISO will inform the Transmission Owners of the identified problem and will work with the Transmission Owners to determine if an alternative allocation method is needed and whether it will apply to all months for which the intended formula does not work. Alternate methods would be subject to market participant review and subsequent filing with FERC, as appropriate.

For the sake of clarity, the ISO shall not pursuant to this Section 20.3.6.5.2 set equal to zero any O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment that fails to meet these conditions, even if another O/R-t-S Auction Revenue Shortfall Charge, U/D Auction Revenue Shortfall Charge, O/R-t-S Auction Revenue Surplus Payment, or U/D Auction Revenue Surplus Payment is set equal to zero pursuant to this Section 20.3.6.5.2 in the same round of a Centralized TCC Auction or the same month covered by a Reconfiguration Auction,

as the case may be.

20.3.6.6 Information Requirements

20.3.6.6.1 Posting of Uprate/Derate Tables

Prior to each Reconfiguration Auction, the ISO shall post on its website the Reconfiguration Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Reconfiguration Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the month(s) for which TCCs are to be sold in the Reconfiguration Auction.

Prior to each Centralized TCC Auction, the ISO shall post on its website the Centralized TCC Auction Interface Uprate/Derate Table, which table shall specify the expected impact (at the time of the Centralized TCC Auction based on all information available to the ISO) of all transmission facility outages and returns-to-service on interface transfer limits for the period for which TCCs are to be sold in each Sub-Auction of the Centralized TCC Auction.

20.3.6.6.2 Posting of List of Normally Out-of-Service Equipment

The ISO shall maintain on its website a list of Normally Out-of-Service Equipment and update such list prior to each Reconfiguration Auction and each Centralized TCC Auction.

20.3.6.6.3 Information Regarding Facility Ownership

A Transmission Owner shall be responsible for informing the ISO of any change in the ownership of a transmission facility. The ISO shall allocate responsibility for Auction Status Changes based on the transmission facility ownership information available to it at the time of initial settlement.

20.3.7 Allocation of Net Auction Revenue to Transmission Owners

In Centralized TCC Auction round n or in a given month covered by Reconfiguration Auction n , as the case may be, the ISO shall use the Facility Flow-Based Methodology to allocate Net Auction Revenue to each Transmission Owner t in an amount equal to the product of (i) the Facility Flow-Based Methodology coefficient, $FFB_{t,n}$, and (ii) the Net Auction Revenue for the round or for the relevant month covered by the Reconfiguration Auction; *provided, however*, where the Net Auction Revenue is negative for a given month covered by a Reconfiguration Auction, the ISO shall allocate Net Auction Revenue to each Transmission Owner t in an amount equal to the product of (i) the negative Net Auction Revenue coefficient, $NNAR_{t,n}$, and (ii) the negative Net Auction Revenue for the relevant month covered by Reconfiguration Auction.

Calculation of Facility Flow-Based Methodology Coefficient. The Facility Flow-Based Methodology coefficient for Transmission Owner t for Centralized TCC Auction round n or a given month covered by Reconfiguration Auction n is calculated pursuant to Formula N-28.

Formula N-28

$$FFB_{t,n} = \frac{\sum_{l \in L_{t,n}} |(FLOW_{l,n} - FLOW_{l,IC}) * (Price_{y,l} - Price_{x,l}) * Share_{n,t,l}|}{\sum_{l \in L_n} |(FLOW_{l,n} - FLOW_{l,IC}) * (Price_{y,l} - Price_{x,l})|}$$

Where,

- $FFB_{t,n}$ = The Facility Flow-Based Methodology coefficient for Transmission Owner t for Centralized TCC Auction round n or a given month covered by Reconfiguration Auction n , as the case may be
- L_n = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round n or for a given month covered by Reconfiguration Auction n , as the case may be
- $L_{t,n}$ = The set of all transmission facilities owned by Transmission Owner t that are

modeled in the Transmission System model applied in round n or in a given month covered by Reconfiguration Auction n , as the case may be

$l =$ A transmission facility from bus x to bus y

$FLOW_{l,n} =$ The Energy flow, in MW- p , on transmission facility l from the set of TCCs (as scaled appropriately) and Grandfathered Rights represented in the solution to round n or to a given month covered by Reconfiguration Auction n , as the case may be (including those pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in that auction).

$FLOW_{l,IC} =$ The Energy flow, in MW- p , on transmission facility l from (i) the set of pre-existing TCCs and Grandfathered Rights represented as fixed injections and withdrawals in administering the TCC auction held for round n or a given month covered by Reconfiguration Auction n , as the case may be, (ii) ETCNL not sold in prior Centralized TCC Auctions, prior rounds of the Centralized TCC Auction that includes round n or through a Direct Sale, and (iii) Original Residual TCCs not sold in prior Centralized TCC Auctions, prior rounds of the Centralized TCC Auction that includes round n or through a Direct Sale

$Price_{y,l} =$ The market-clearing price at bus y on transmission facility l in the Optimal Power Flow solution to round n or a given month covered by Reconfiguration Auction n , as the case may be

$Price_{x,l} =$ The market-clearing price at bus x on transmission facility l in the Optimal Power Flow solution to round n or a given month covered by Reconfiguration Auction n , as the case may be

$Share_{n,t,l} =$ The percentage of transmission facility l owned by Transmission Owner t on the effective date of the TCCs sold in round n or in a given month covered by Reconfiguration Auction n

$p =$ A one-month period for a given month covered by a Reconfiguration Auction n , or the effective period of TCCs sold in round n .

Calculation of Negative Net Auction Revenue Coefficient. The negative Net Auction Revenue coefficient for Transmission Owner t for a given month covered by Reconfiguration Auction n is calculated pursuant to Formula N-29.

Formula N-29

$$NNAR_{t,n} = \frac{\left(\begin{array}{l} \text{OriginalResidual}_{t,n} + \text{ETCNL}_{t,n} + \text{NARS}_{t,n} \\ + \text{GFR\&GFTCC}_{t,n} + \text{HFPTCC}_{t,n} + \text{NHFPTCC}_{t,n} \end{array} \right)}{\sum_{q \in T} \left(\begin{array}{l} \text{OriginalResidual}_{q,n} + \text{ETCNL}_{q,n} + \text{NARS}_{q,n} \\ + \text{GFR\&GFTCC}_{q,n} + \text{HFPTCC}_{q,n} + \text{NHFPTCC}_{q,n} \end{array} \right)}$$

Where,

- $NNAR_{t,n}$ = The negative Net Auction Revenue coefficient for Transmission Owner t for a given month covered by Reconfiguration Auction n
- $Original\ Residual_{q,n}$ = The sum of the one-month portion of the revenue imputed to the Direct Sale and the sale in any Centralized TCC Auction Sub-Auction of Original Residual TCCs held by Transmission Owner q that are valid during a given month covered by Reconfiguration Auction n . The one-month portion of the revenue imputed to the Direct Sale of these Original Residual TCCs shall be one-sixth of the average market-clearing price in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction held for TCCs valid during the relevant month covered by Reconfiguration Auction n . The one-month portion of the revenue imputed to the sale in any Centralized TCC Auction Sub-Auction of these Original Residual TCCs shall be calculated by dividing the revenue received from the sale of these Original Residual TCCs in the Centralized TCC Auction Sub-Auction by the duration in months of the TCCs sold in that Centralized TCC Auction Sub-Auction
- $ETCNL_{q,n}$ = The sum of the one-month portion of the revenue imputed to the Direct Sale of Transmission Owner q 's ETCNL or for its ETCNL released in the Centralized TCC Auction Sub-Auction held for TCCs valid for a given month covered by Reconfiguration Auction n . The one-month portion of the revenue imputed for ETCNL released in any Centralized TCC Auction Sub-Auction shall be calculated by dividing the revenue received in a Centralized TCC Auction Sub-Auction from the sale of the ETCNL by the duration in months of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to the ETCNL sold in the Centralized TCC Auction Sub-Auction. The one-month portion of the revenue imputed to the Direct Sale of ETCNL shall be one-sixth of the average market-clearing price of the TCCs corresponding (as described in Section 20.1.2 of this Attachment N) to that ETCNL in the rounds of the 6-month Sub-Auction of the last Centralized TCC Auction held for TCCs valid during the relevant month covered by Reconfiguration Auction n .
- $NARs_{q,n}$ = The one-month portion of the Net Auction Revenues Transmission Owner q has received in Centralized TCC Auction Sub-Auctions and all Reconfiguration Auctions held for TCCs valid for a given month covered by Reconfiguration Auction n (which shall not include any revenue from the sale of Original Residual TCCs). The one-month portion of the revenues shall be calculated by summing (i) the revenue Transmission Owner q received in each Centralized TCC Auction Sub-Auction from the allocation of Net Auction Revenue pursuant to Section 20.3.7, divided by the duration in months of the TCCs sold in the Centralized TCC Auction Sub-Auction and the sum of the revenue Transmission Owner q received from the allocation of that portion of

Net Auction Revenue pursuant to Section 20.3.7 related to month m for all Reconfiguration Auctions held for TCCs valid in month m (or, to the extent TCC auction revenues were allocated pursuant to a different methodology, the amount of such revenues allocated to Transmission Owner q), minus (ii) the sum of $\text{NetAuctionAllocations}_{t,n}$ as calculated pursuant to Formula N-27 (as adjusted for any charges or payments that are zeroed out) for Transmission Owner q for all rounds n of a 6-month Sub-Auction for all Centralized TCC Auctions held for TCCs valid in the relevant month covered by Reconfiguration Auction n , divided in each case by the duration in months of the TCCs sold in each Centralized TCC Auction Sub-Auction (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner q), minus (iii) the sum of the portion of $\text{NetAuctionAllocations}_{t,n}$ as calculated pursuant to Formula N-27 and as adjusted for any charges or payments that are zeroed out for Transmission Owner q for the relevant month covered by Reconfiguration Auction n for all Reconfiguration Auctions held for TCCs valid in month m (or, to the extent that the revenue impact of transmission facility outages, returns-to-service, upratings, and deratings were settled pursuant to a different methodology, the net of such revenue impacts for Transmission Owner q).

$\text{GFR\&GFTCC}_{q,n}$ = The one-month portion of the imputed value of Grandfathered TCCs and Grandfathered Rights held by Transmission Owner q , valued at one-sixth of the market-clearing price in the last Centralized TCC Auction held for TCCs valid during a given month covered by Reconfiguration Auction n , provided that Transmission Owner q is the selling party and the Existing Transmission Agreement related to each Grandfathered TCC and Grandfathered Right remains valid in the relevant month covered by Reconfiguration Auction n .

$\text{HFPTCC}_{q,n}$ = The one-month portion of the Historic Fixed Price TCC revenues (including revenues from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that Transmission Owner q has received for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid during a given month covered by Reconfiguration Auction n , valued at the sum of the share of revenues received by Transmission Owner q pursuant to Section 20.4 of this Attachment N for all Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) valid in the relevant month covered by Reconfiguration Auction n , divided by twelve; provided, however that the value shall be zero for all Historic Fixed Price TCCs that took effect on or before November 1, 2016.

$\text{NHFPTCC}_{q,n}$ = The one-month portion of the Non-Historic Fixed Price TCC revenues

that Transmission Owner q has received for Non-Historic Fixed Price TCCs valid during a given month covered by Reconfiguration Auction n , valued at the sum of the share of revenues received by Transmission Owner q pursuant to Section 20.5 of this Attachment N for all Non-Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction n , divided by: (i) twenty-four in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner q related to initial awards of Non-Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction n ; or (ii) twelve in the case of Non-Historic Fixed Price TCC revenues received by Transmission Owner q related to renewals of Non-Historic Fixed Price TCCs valid in the relevant month covered by Reconfiguration Auction n ; provided, however that the value shall be zero for all Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017.

t = Transmission Owner t
 T = The set of all Transmission Owners q .

For purposes of Formula N-29, variables subscripted by t shall be calculated for Transmission Owner t in the same manner as variables subscripted by q are calculated for Transmission Owner q .

For a Balance-of-Period Auction, the ISO shall sum the share of Net Auction Revenues allocated to each Transmission Owner across the month(s) covered by the auction to determine each Transmission Owner's aggregate share of Net Auction Revenues for such auction. The ISO shall also provide each Transmission Owner information regarding their respective share of Net Auction Revenues for each month covered by the Balance-of-Period Auction.

Each Transmission Owner's share of Net Auction Revenues allocated pursuant to this Section 20.3.7 shall be incorporated into, or otherwise accounted for as part of, its TSC, NTAC, or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

20.4 Allocation of Historic Fixed Price TCC Revenues

20.4.1 Defined Terms and Overview

20.4.1.1 Defined Terms

1. **Set of Historic Fixed Price TCCs (HFPTCCs):** Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that have the same POI and POW and which take, or took, effect in the same Capability Period.

For purposes of this Section 20.4, references to when a particular Historic Fixed Price TCC takes (or took) effect shall be meant to refer to, as appropriate, the initial start date of a particular Historic Fixed Price TCC following the expiration or termination of the associated ETA, the start date of an annual renewal of a particular Historic Fixed Price TCC, or the start date of a one-year extension of a particular Historic Fixed Price TCC.

20.4.1.2 Overview

The ISO shall allocate the revenues from the initial award and renewal of Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) as follows:

1. following the effective date of this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs that took effect on or before November 1, 2016 by using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective

date of this Section 20.4, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Historic Fixed Price TCCs (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 20.4 and by using the data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) takes effect.

To do so, for each Set of HFPTCCs, the ISO shall:

1. determine the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.2 of this Attachment N;
2. determine the applicable Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.4.3 of this Attachment N; and
3. allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with each round of the applicable one-year Sub-Auction of the relevant Centralized TCC

Auction in accordance with Section 20.4.4 of this Attachment N.

Notwithstanding anything to the contrary herein, if a relevant Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 20.4.

20.4.2 Calculation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, the ISO shall calculate the revenue deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula N-30.

Formula N-30

$$HFPTCCRevenue_{s,n} = \left[\sum_{k \in s} HFPTCCPmt_{k,s} \right] * RoundPct_n$$

Where,

$HFPTCCRevenue_{s,n}$ = For Set of HFPTCCs s , the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) that is deemed to be associated with round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

s = A Set of HFPTCCs

$HFPTCCPmt_{k,s}$ = The revenue received for each Historic Fixed Price TCC (including extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) k that is part of Set of HFPTCCs s , as payable by an LSE in accordance with Section 19.2.1.3 of Attachment M of this Tariff

$RoundPct_n$ = The percentage of transmission capacity made available for round n of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year TCCs in round n of the relevant Centralized TCC Auction; to (ii) the percentage of

transmission capacity made available to support the sale of one-year TCCs with the same start date as one-year TCCs in round n in the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction.

20.4.3 Calculation of Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient

For each Set of HFPTCCs, the ISO shall use the Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction. The applicable coefficient for each Set of HFPTCCs and each round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-31.

Formula N-31

$$HFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_{t,n}} |(1YrFlow_{L,n} - ModYrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n}) * Share_{n,t,L}|}{\sum_{L \in L_n} |(1YrFlow_{L,n} - ModYrFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n})|}$$

Where,

$HFPTCCFFB_{t,s,n}$ = For Set of HFPTCCs s , the Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner t for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

s = As defined in Formula N-30

L_n = The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

$L_{t,n}$ = The set of all transmission facilities owned by Transmission Owner t that are modeled in the Transmission System model for round n of the

applicable one-year Sub-Auction of the relevant Centralized TCC Auction

- L = A transmission facility from bus x to bus y
- $1YrFlow_{L,n}$ = The Energy flow on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow
- $Mod1YrFlow_{L,n,s}$ = The Energy flow on transmission facility L in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of HFPTCCs s . For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility L that violates any limit applicable to the amount of Energy that may flow on transmission facility L for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility L , as determined by the Power Flow, to avoid consideration of such incremental flows above the applicable limit for transmission facility L and use such adjusted Energy flow value for purposes of calculating $HFPTCCFFB_{t,s,n}$
- $Price_{y,L,n}$ = The market-clearing price at bus y on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year

Sub-Auction of the relevant Centralized TCC Auction.

Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus y on transmission facility L shall be the sum of (i) the market-clearing prices at bus y on transmission facility L determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus y on transmission facility L determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Price_{x,L,n}$

= The market-clearing price at bus x on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction.

Notwithstanding anything to the contrary herein, for Historic Fixed Price TCCs with a POW on Long Island that took effect on November 1, 2013 and remained valid through October 31, 2014, the applicable market-clearing price at bus x on transmission facility L shall be the sum of (i) the market-clearing prices at bus x on transmission facility L determined in the Optimal Power Flow solution for each of the Reconfiguration Auctions for November 2013 through April 2014; and (ii) the weighted average market-clearing price at bus x on transmission facility L determined from the Optimal Power Flow solution for each of the six-month Sub-Auction rounds for the Centralized TCC Auction that included six-month TCCs valid for the Summer 2014 Capability Period (*i.e.*, May 1, 2014 through October 31, 2014)

$Share_{n,t,L}$

= The percentage of transmission facility L owned by Transmission Owner t on the effective date of the TCCs sold in round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

20.4.4 Allocation of Historic Fixed Price TCC Revenue Deemed to be Associated with a Round of a One-Year Sub-Auction

For each Set of HFPTCCs, each Transmission Owner's share of the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with a round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction shall be

calculated in accordance with Formula N-32.

Formula N-32

$$HFPTCCRevAlloc_{t,s,n} = HFPTCCRevenue_{s,n} * HFPTCCFFB_{t,s,n}$$

Where,

- $HFPTCCRevAlloc_{t,s,n}$ = For Set of HFPTCCs s , the Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) deemed to be associated with round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner t
- s = As defined in Formula N-30
- $HFPTCCRevenue_{s,n}$ = As defined in Formula N-30
- $HFPTCCFFB_{t,s,n}$ = As defined in Formula N-31.

Each Transmission Owner's share of Historic Fixed Price TCC revenue (including revenue from extensions of Historic Fixed Price TCCs awarded pursuant to Section 19.2.1.4 of Attachment M of the OATT) allocated pursuant to this Section 20.4 shall be incorporated into, or otherwise accounted for as part of, its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.

20.5 Allocation of Non-Historic Fixed Price TCC Revenues

20.5.1 Defined Terms and Overview

20.5.1.1 Defined Terms

Set of Non-Historic Fixed Price TCCs (“NHFPTCCs”): Non-Historic Fixed Price TCCs that have the same POI and POW, same duration and which take, or took, effect in the same Capability Period.

20.5.1.2 Overview

The ISO shall allocate the revenues from the initial award and renewal of Non-Historic Fixed Price TCCs as follows:

1. following the effective date of this Section 20.5, the ISO shall allocate to the Transmission Owners the revenue paid by LSEs for Non-Historic Fixed Price TCCs that took effect on or before May 1, 2017 by using the methodology described in this Section 20.5 and by using the applicable data and results of the last Centralized TCC Auction completed prior to the respective Capability Period in which each such Non-Historic Fixed Price TCC took effect; and
2. following the completion of each Centralized TCC Auction after the effective date of this Section 20.5, the ISO shall allocate to the Transmission Owners any revenue paid by LSEs for Non-Historic Fixed Price TCCs that take effect in the Capability Period immediately following such Centralized TCC Auction using the methodology described in this Section 20.5 and by using the applicable data and results of such Centralized TCC Auction.

To do so, for each Set of NHFPTCCs, the ISO shall:

1. determine the Non-Historic Fixed Price TCC revenue deemed to be associated

- with: (i) the applicable rounds of the two-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.2 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.2 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs;
2. determine the applicable Non-Historic Fixed Price TCC facility flow-based methodology coefficient for each Transmission Owner for: (i) the applicable rounds of the two-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.3 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.3 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs; and
 3. allocate, among the Transmission Owners, the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) the applicable rounds of the two-year Sub-Auction of the relevant Centralized TCC Auction pursuant to Section 20.5.4 of this Attachment N in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction in accordance with Section 20.5.4 of this Attachment N in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

Notwithstanding anything to the contrary herein, in the case of revenue related to

renewals of Non-Historic Fixed Price TCCs, if a relevant Centralized TCC Auction includes a single round one-year Sub-Auction for TCCs with a start date that is after the first day of the Capability Period that commences immediately following the completion of such Centralized TCC Auction, such single round one-year Sub-Auction shall not be considered for purposes of this Section 20.5.

20.5.2 Calculation of Non-Historic Fixed Price TCC Revenue Deemed to be Associated with Sub-Auction Rounds

For each Set of NHFPTCCs, the ISO shall calculate the revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction in accordance with Formula N-33 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction in accordance with Formula N-33 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

Formula N-33

$$NHFPTCCRevenue_{s,n} = \left[\sum_{k \in S} NHFPTCCPmt_{k,s} \right] * RoundPct_n$$

Where,

$NHFPTCCRevenue_{s,n}$ = (a) For Initial Awards: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC revenue that is deemed to be associated with round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that no such revenue shall be deemed to be associated with the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC revenue that is deemed to be associated with round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

s = A Set of NHFPTCCs

$NHFPTCCPmt_{k,s}$ = The revenue received for each Non-Historic Fixed Price TCC k that

is part of Set of NHFPTCCs s , as payable by an LSE in accordance with Section 19.2.2.3.3 of Attachment M of this Tariff

RoundPct $_n$

= (a) For Initial Awards: The percentage of transmission capacity made available for round n of the relevant Centralized TCC Auction to support the sale of two-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of two-year TCCs in round n of the relevant Centralized TCC Auction; to (ii) the total percentage of transmission capacity made available to support the sale of two-year TCCs in all rounds other than the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, the NYISO shall not include the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction or the percentage of transmission capacity made available to support the sale of two-year TCCs in such round in conducting the calculations described above

(b) For Renewals: The percentage of transmission capacity made available for round n of the relevant Centralized TCC Auction to support the sale of one-year TCCs, calculated as the ratio of (i) the percentage of transmission capacity made available to support the sale of one-year TCCs in round n of the relevant Centralized TCC Auction; to (ii) the total percentage of transmission capacity made available to support the sale of one-year TCCs with the same start date as one-year TCCs in round n in the relevant Centralized TCC Auction, each as determined by the ISO prior to the relevant Centralized TCC Auction

20.5.3 Calculation of Non-Historic Fixed Price TCC Facility Flow-Based Methodology Coefficient

For each Set of NHFPTCCs, the ISO shall use the Non-Historic Fixed Price TCC facility flow-based methodology coefficient to allocate, among the Transmission Owners, the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction (*i.e.*, round n) in accordance with Formula N-34 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction (*i.e.*, round n) in accordance with Formula N-34 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

Formula N-34

$$NHFPTCCFFB_{t,s,n} = \frac{\sum_{L \in L_{t,n}} |(AuctionFlow_{L,n} - ModAuctionFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n}) * Share_{n,t,L}|}{\sum_{L \in L_n} |(AuctionFlow_{L,n} - ModAuctionFlow_{L,n,s})(Price_{y,L,n} - Price_{x,L,n})|}$$

Where,

- $NHFPTCCFFB_{t,s,n}$ = (a) For Initial Awards: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner t for round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not determine coefficient values for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction
- (b) For Renewals: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC facility flow-based methodology coefficient for Transmission Owner t for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction
- s = As defined in Formula N-33
- L_n = (a) For Initial Awards: The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction
- (b) For Renewals: The set of all transmission facilities owned by Transmission Owners that are modeled in the Transmission System model for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction
- $L_{t,n}$ = (a) For Initial Awards: The set of all transmission facilities owned by Transmission Owner t that are modeled in the Transmission System model for round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction
- (b) For Renewals: The set of all transmission facilities owned by Transmission Owner t that are modeled in the Transmission System model for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction
- L = A transmission facility from bus x to bus y
- $AuctionFlow_{L,n}$ = (a) For Initial Awards: The Energy flow on transmission facility L in the Optimal Power Flow solution to round n of the two-year Sub-

Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The Energy flow on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in such Optimal Power Flow

$\text{ModAuctionFlow}_{L,n,s}$

= (a) For Initial Awards: The Energy flow on transmission facility L in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of NHFPTCCs s ; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction. For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility L that violates any limit applicable to the amount of Energy that may flow on transmission facility L for round n of the two-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility

L , as determined by the Power Flow, to avoid consideration of flows that would otherwise violate the applicable limit for transmission facility L and use such adjusted Energy flow value for purposes of calculating $NHFPTCCFFB_{t,s,n}$

(b) For Renewals: The Energy flow on transmission facility L in a Power Flow that includes all injections and withdrawals corresponding (as described in Section 20.1.2 of this Attachment N) to the set of TCCs (including Fixed Price TCCs) and Grandfathered Rights represented in the solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, except for the injections and withdrawals corresponding to Set of $NHFPTCCs$ s . For purposes of this Power Flow: (i) the phase angle settings for optimized phase angle regulators, as identified in ISO Procedures, will be set equal to the phase angle settings for such phase angle regulators as determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the schedules for such phase angle regulators will be allowed to vary from the schedules determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction; and (ii) for all other phase angle regulators internal to the NYCA or on external borders, as identified in ISO Procedures, the schedules for such phase angle regulators will be set equal to the schedules as determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, but the phase angle settings for such phase angle regulators will be allowed to vary from the phase angle settings determined in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction. Notwithstanding anything to the contrary herein, if the Power Flow results in Energy flow on transmission facility L that violates any limit applicable to the amount of Energy that may flow on transmission facility L for round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction, the ISO shall adjust the resulting value of the Energy flow on transmission facility L , as determined by the Power Flow, to avoid consideration of flows that would otherwise violate the applicable limit for transmission facility L and use such adjusted Energy flow value for purposes of calculating $NHFPTCCFFB_{t,s,n}$

Price $_{y,L,n}$

(a) For Initial Awards: The market-clearing price at bus y on transmission facility L in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The market-clearing price at bus y on transmission

facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

Price $_{x,L,n}$ = (a) For Initial Awards: The market-clearing price at bus x on transmission facility L in the Optimal Power Flow solution to round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The market-clearing price at bus x on transmission facility L in the Optimal Power Flow solution to round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

Share $_{n,t,L}$ = (a) For Initial Awards: The percentage of transmission facility L owned by Transmission Owner t on the effective date of the TCCs sold in round n of the two-year Sub-Auction of the relevant Centralized TCC Auction; provided, however, that the NYISO shall not utilize data and information for the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: The percentage of transmission facility L owned by Transmission Owner t on the effective date of the TCCs sold in round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction

20.5.4 Allocation of Non-Historic Fixed Price TCC Revenue

For each Set of NHFPTCCs, each Transmission Owner’s share of the Non-Historic Fixed Price TCC revenue deemed to be associated with: (i) an applicable round of the two-year Sub-Auction of the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-35 in the case of revenue related to initial awards of Non-Historic Fixed Price TCCs; or (ii) each round of the applicable one-year Sub-Auction for the relevant Centralized TCC Auction shall be calculated in accordance with Formula N-35 in the case of revenue related to renewals of Non-Historic Fixed Price TCCs.

Formula N-35

$$NHFPTCCRevAlloc_{t,s,n} = NHFPTCCRevenue_{s,n} * NHFPTCCFFB_{t,s,n}$$

Where,

$NHFPTCCRevAlloc_{t,s,n}$ = (a) For Initial Awards: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC revenue deemed to be associated with round n of the two-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner t ; provided, however, that no such revenue shall be deemed to be associated with the first round of the two-year Sub-Auction of the relevant Centralized TCC Auction

(b) For Renewals: For Set of NHFPTCCs s , the Non-Historic Fixed Price TCC revenue deemed to be associated with round n of the applicable one-year Sub-Auction of the relevant Centralized TCC Auction that is allocated to Transmission Owner t

s = As defined in Formula N-33

$NHFPTCCRevenue_{s,n}$ = As defined in Formula N-33

$NHFPTCCFFB_{t,s,n}$ = As defined in Formula N-34.

Each Transmission Owner's share of Non-Historic Fixed Price TCC revenue allocated pursuant to this Section 20.5 shall be incorporated into, or otherwise accounted for as part of, its TSC, or NTAC or other applicable rate mechanism under the ISO Tariffs used to assess charges for Transmission Service provided by the Transmission Owner pursuant to this Tariff, as the case may be.