



May 19, 2017

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: Niagara Mohawk Power Corporation d/b/a National Grid
Western New York Facilities Charge
Rate Schedule under the NYISO OATT
Docket No. ER17-_____**

Pursuant to Section 205 of the Federal Power Act¹ and Part 35.13 of the Commission's Regulations,² Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid" or "NMPC") submits a new rate schedule to the New York Independent System Operator, Inc.'s ("NYISO") Open Access Transmission Tariff ("NYISO OATT").³ This rate schedule establishes the Western New York Facilities Charge ("WNY-FC"), which will allow National Grid to recover costs related to certain upgrades to non-bulk transmission facilities recommended by the NYISO and found by the New York State Public Service Commission ("NYPSC") to be needed in connection with any selected Public Policy Transmission Project (the "WNY Ancillary Upgrades").

As explained below, the proposed WNY-FC is just and reasonable because it is based on a transmission rate formula previously accepted by the Commission. Specifically, the WNY-FC will be calculated using the formula rate for NMPC's Transmission Service Charge ("TSC") set forth in Attachment H to the NYISO OATT. But unlike the TSC, the WNY-FC will not be collected solely from National Grid's wholesale transmission service customers. Instead, the WNY-FC will be allocated to appropriate load-serving entities consistent with the cost allocation methodology to be approved by the Commission for recovering the costs of the developer selected to build a specified Western New York Public Policy Transmission Project. This allocation approach is consistent with the objectives of the order of the NYPSC which addressed the Western New York Public Policy Transmission Need. This order provided that National Grid should undertake the WNY Ancillary Upgrades, recommended by the NYISO, to National Grid's existing non-bulk transmission system, because they are required to fully

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.13 (2016).

³ The NYISO is submitting this filing in FERC's e-Tariff system on National Grid's behalf solely in its role as the Tariff Administrator. However, the burden of demonstrating that the proposed tariff amendments are just and reasonable rests on National Grid, the sponsoring party. The NYISO takes no position on any substantive aspect of the filing at this time.

effectuate the various bulk-power system projects proposed in response to the NYISO's public policy process.

I. Background

National Grid is a regulated utility operating in the State of New York. It is engaged in the transmission, distribution, and wholesale and retail sale of electric power and natural gas in Buffalo, Albany, Syracuse, and other portions of upstate New York. National Grid is a founding member of the NYISO and a signatory to the ISO-TO Agreement.⁴ It is also a participant in the NYISO electricity markets on behalf of certain of its end-use customers and serves as load-serving entity to its customers.

The NYISO public policy transmission planning process was developed to comply with Order No. 1000.⁵ Order No. 1000 required, in part, that regional planning processes take into account Public Policy Transmission Needs.⁶ The primary steps in the NYISO public policy transmission planning process include: the identification of Public Policy Transmission Needs through a joint process where the NYISO solicits potential needs and the NYPSC decides which needs to pursue; a NYISO solicitation requesting proposed solutions designed to meet those needs; an evaluation of the viability and sufficiency of proposed transmission and non-transmission solutions; and the evaluation and selection of the “more efficient or cost effective” project to satisfy the identified Public Policy Transmission Need.⁷

On August 1, 2014, the NYISO initiated its public policy transmission planning process for the first time, requesting that entities identify potential Public Policy Requirements that drive the need for transmission.⁸ After receiving responses, the NYISO filed the proposed Public Policy Requirements with the NYPSC.

⁴ The ISO-TO Agreement can be found at: http://www.nyiso.com/public/webdocs/markets_operations/documents/Legal_and_Regulatory/Agreements/NYISO/nyiso_to_agreement.pdf

⁵ See *N.Y. Indep. Sys. Operator, Inc.*, 143 FERC ¶ 61,059 (2013), *order on reh'g and compliance*, 148 FERC ¶ 61,044 (2014), *order on reh'g and compliance*, 151 FERC ¶ 61,040 (2015), *order on compliance*, 153 FERC ¶ 61,341 (2015).

⁶ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323, at P 203 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

⁷ NYISO Public Policy Transmission Planning Process Manual, Section 1.2 (July 2015); see also NYISO OATT, Attachment Y, § 31.4.1. A Public Policy Transmission Need is “any Public Policy Requirement [] identified by the [New York State Public Service Commission] that may be driving the need for additional transmission facilities ” Case 14-E-0454, *In the Matter of New York Independent System Operator, Inc.'s Proposed Public Policy Transmission Needs for Consideration*, Order Addressing Public Policy Transmission Need for Western New York, at 1 (issued October 13, 2016) (“October 13 NYPSC Order”). See also NYISO OATT, Attachment Y, § 31.1.1.

⁸ The NYISO OATT defines a Public Policy Requirement as “[a] federal or New York State statute or regulation, including a [New York State Public Service Commission] order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act, any successor statute, or any duly enacted law or regulation passed by a local governmental entity in New York State, that may relate to

On July 20, 2015, in response to the NYISO filing and following its review of stakeholder comments, the NYPSC adopted transmission congestion relief in Western New York as a Public Policy Requirement driving the need for transmission.⁹ The NYPSC referred this need to NYISO to examine potential solutions.¹⁰ Specifically, NYISO was “to consider solutions for increasing Western New York transmission capability sufficient to ensure the full output from [New York Power Authority’s] Niagara hydroelectric generating facility . . . as well as certain levels of simultaneous imports from Ontario across the Niagara tie lines.”¹¹

Following the July 2015 Order, the NYISO solicited potential solutions to reduce Western New York transmission congestion. Transmission and non-transmission projects were submitted for consideration. The NYISO then prepared a Viability and Sufficiency Assessment, issuing a report on its findings on May 31, 2016.¹² In conformity with the NYISO’s public policy transmission planning process, this report was made public and sent to the NYPSC for further consideration. The role of the NYPSC at this phase of the process is to evaluate whether there continues to be a need for a Public Policy Transmission Project.

In its May 31, 2016 report, the NYISO determined which projects were viable and sufficient to satisfy Western New York transmission congestion needs.¹³ Additionally, the NYISO concluded that certain non-bulk transmission limitations in western New York could prevent any project from fully addressing transmission congestion needs.¹⁴ To resolve this problem, the NYISO recommended that the project chosen to relieve Western New York transmission congestion should be coupled with upgrades to certain 115 kV facilities owned by National Grid to address these non-bulk transmission issues that are related to the bulk power transmission system need, and thereby optimize the overall solution.¹⁵

On June 22, 2016, the NYPSC published a Notice of Proposed Rulemaking relating to the Public Policy Transmission Need of relieving Western New York

transmission planning on the [Bulk Power Transmission Facilities].” NYISO OATT, Attachment Y, § 31.1.1.

⁹ Case 14-E-0454, *In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration*, Order Addressing Public Policy Requirements for Transmission Planning Purposes, at 28 (issued July 20, 2015) (“July 20 NYPSC Order”).

¹⁰ *Id.* at 33.

¹¹ *Id.* at 27.

¹² NYISO Western New York Public Policy Transmission Need Viability & Sufficiency Assessment (May 31, 2016). This report can be found at: http://www.nyiso.com/public/webdocs/markets_operations/services/planning/Planning_Studies/Public_Policy_Documents/Western_NY/Western_NY_PPTN_FAQ_2015-12-15.pdf.

¹³ *Id.* at 16.

¹⁴ *Id.* at 15.

¹⁵ *Id.* at 16.

transmission congestion. After reviewing comments submitted in response to this notice, the NYPSC issued an order on October 13, 2016.¹⁶

The October 13 NYPSC Order confirmed that relieving Western New York transmission congestion remains a Public Policy Transmission Need and directed the NYISO to proceed to evaluate and select, as appropriate, the more efficient or cost-effective transmission solution to meet this need.¹⁷ The October 13 NYPSC Order also recognized the need to make certain non-bulk transmission facility upgrades in order to fully achieve the benefits of the Western New York Public Policy Transmission Need, stating:

The [NYPSC] expects National Grid to undertake the upgrades necessary on the non-bulk system, such as those identified by the NYISO, and to receive reimbursement from the developer ultimately selected by the NYISO to receive cost recovery through the [NYISO] OATT. The costs of these upgrades should not be used as a distinguishing factor between bids.¹⁸

The NYISO subsequently confirmed that it will implement the NYPSC's directive that the costs of these non-bulk system upgrades will not be a distinguishing factor in its evaluation process and that the NYISO is modeling these upgrades in a consistent fashion across all the viable and sufficient projects.

II. Description of the Filing and Statement of Reasons

National Grid is filing this new schedule to the NYISO OATT to establish a Western New York Facilities Charge, which will enable National Grid to recover the costs related to upgrades to its non-bulk transmission facilities recommended by the NYISO in connection with any selected Public Policy Transmission Project, the WNY Ancillary Upgrades. The WNY-FC will be established in Rate Schedule 17, set forth in Section 6.17 of the NYISO OATT.

A. The WNY-FC Will Result in Just and Reasonable Rates

As noted above, the WNY-FC will allow National Grid to recover the costs of the WNY Ancillary Upgrades that are needed to achieve the relief of the Western New York transmission congestion that is the purpose of the selected Public Policy Transmission Project.¹⁹ National Grid anticipates that the identified non-bulk transmission upgrades

¹⁶ October 13 NYPSC Order, *supra* note 7.

¹⁷ *Id.* at 17.

¹⁸ *Id.*

¹⁹ Although the proposed Rate Schedule 17 is specific to the recovery of costs for the WNY Ancillary Upgrades, National Grid believes it will have the additional benefit of serving as a model for the

recommended by the NYISO will consist of reconductoring to National Grid's 193 and 194 lines.²⁰

In the event that National Grid is selected by the NYISO as the developer of a Public Policy Transmission Project to address the identified Western New York Public Policy Transmission Need ("WNY Developer"), National Grid may submit filings to the Commission under Section 205 of the Federal Power Act to modify Rate Schedule 17 to allocate and recover all the costs of its selected solution to the Western New York Public Policy Transmission Need, including the costs related to the WNY Ancillary Upgrades.

Rate Schedule 17 shares many features with Rate Schedules 13 and 15 to the NYISO OATT, rate schedules previously accepted by the Commission that established the Transco Facilities Charge ("TFC") for approved projects of the NY Transco and the Marcy South Series Compensation Facilities Charge ("MSSCFC") for the New York Power Authority's Marcy South series compensation project, respectively.²¹

The NYISO will calculate and bill the WNY-FC separately from other charges under the NYISO OATT. The NYISO will collect the WNY-FC from load-serving entities ("LSEs") to which the costs of the WNY Ancillary Upgrades have been allocated ("Responsible LSEs").²² The manner in which these Responsible LSEs will be identified is discussed in Section II.B of this filing letter.

The annual WNY-FC revenue requirement will be calculated based on the formula rate for NMPC's TSC set forth in Attachment H to the NYISO OATT but will be a separate charge from the National Grid formula rate TSC that is charged to NMPC's wholesale transmission service customers. This revenue requirement will be the basis for calculating the WNY-FC Rate, in dollars/megawatt-hour, to be charged by the NYISO to each Responsible LSE.

National Grid will track the gross plant costs of the WNY Ancillary Upgrades. The WNY-FC revenue requirement will equal the trued up transmission revenue requirements for National Grid's TSC from the prior year divided by National Grid's gross transmission plant multiplied by the gross plant of the WNY Ancillary Upgrades. This carrying charge approach will use system average costs updated each year as a projection of the operations and maintenance, administrative and general, and other costs associated with the WNY Ancillary Upgrades. Such a system average approach is widely

cost recovery of any transmission project National Grid builds in response to the NYISO's Order 1000 planning processes.

²⁰ Earlier reports issued by the NYISO concerning the Western New York Public Policy Transmission Needs also identified the replacement of terminal equipment on the 54 line, but this replacement was previously scheduled to address local needs and, therefore, will be included in National Grid's local plan and allocated solely to National Grid customers.

²¹ See Sections 6.13 and 6.15 of the NYISO OATT.

²² LSEs include energy supply companies, National Grid and the other New York Transmission Owners with respect to their full-service customers, and public power and municipal/cooperative entities.

used in formula rates approved by the Commission.²³ Such an approach is particularly appropriate in this case because the capital costs of the WNY Ancillary Upgrades are estimated to be less than \$20 million. Under these circumstances it would be inefficient to track the operating and overhead costs of these facilities separately.

To the extent that the revenues received by National Grid for the WNY Ancillary Upgrades in the prior year were greater (or less) than the annual WNY-FC revenue requirement for the year, the current year's WNY-FC revenue requirement will be decreased (or increased) by that difference.

The accepted formula rate protocols that apply to NMPC's TSC will also apply to the determination of the WNY-FC revenue requirement. National Grid will recalculate the WNY-FC revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the NYISO OATT. The WNY-FC revenue requirement will be separately stated in that Annual Update, and the Annual Update will include supporting documentation for the calculation of the WNY-FC revenue requirement for each year. Each Responsible LSE will be an "Interested Party" that will have the right to review and challenge the calculation of the WNY-FC revenue requirement. The WNY-FC revenue requirement for the first year after the WNY Ancillary Upgrades are placed in service will be calculated retroactively to the in-service date. For example, if the WNY Ancillary Upgrades go into service in November of one year, the WNY-FC will not be charged until the start of the Update Year in the following year, and the WNY-FC revenue requirement for that Update Year would include revenue requirements for fourteen months (allowing recovery of a full year's revenue requirement plus the revenue requirement for November and December of the preceding year).²⁴

Rate Schedule 17 expressly provides that the revenues National Grid receives from the WNY-FC will be applied as a revenue credit to the revenue requirements for the NMPC TSC. Specifically, these revenues will be recorded in account 456.1 and discounted from the NMPC TSC revenue requirement consistent with Attachment 1 of Attachment H to the NYISO OATT, Schedule 10, line 7. Section 6.17.3.8 of Rate Schedule 17 states that the net cost for the WNY Ancillary Upgrades recovered through the NMPC TSC will be deemed to be zero. This statement reflects the fact that the net effect of crediting the WNY-FC against the revenue requirements used to calculate the TSC will result in no cost of the WNY Ancillary Upgrade being recovered through the TSC.

²³ See, e.g., Attachments N-1, GG, MM, and XX to the OATT of the Midcontinent Independent System Operator, Inc.; Attachments H-1, H-3, H-8, H-9, H-10, H-13, H-14, H-16, and H-17 to the OATT of PJM Interconnection L.L.C.; and Attachment H to the OATT of the Southwest Power Pool.

²⁴ Section 14.1.9.1.66 in Attachment H to the NYISO OATT defines an "Update Year" as "the period from July 1 of a given calendar year through June 30 of the subsequent calendar year for a particular Annual Update." National Grid provides the NYISO and other interested parties with the Annual Update on or before June 14 of each year. OATT Section 14.1.9.4.

National Grid will request incremental transmission congestion contracts (“Incremental TCCs”) with respect to the WNY Ancillary Upgrades in accordance with Attachment M to the NYISO OATT.²⁵ Incremental TCCs that may be created and awarded to National Grid as a result of the implementation of the WNY Ancillary Upgrades will be offered by National Grid in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the NYISO. The NYISO will disburse the associated auction revenues to National Grid.²⁶ These Incremental TCC revenues associated with the WNY Ancillary Upgrades will be subtracted from the WNY-FC revenue requirement when the NYISO calculates the WNY-FC Rate.

With respect to the WNY Ancillary Upgrades only, National Grid will receive certain outage charges specific to Incremental TCCs. National Grid will not be charged certain shortfall charges or be paid certain surplus payments under Attachment N to the NYISO OATT with respect to the WNY Ancillary Upgrades. Instead, any applicable outage charges for the WNY Ancillary Upgrades will be determined pursuant to Section 19.2.4.10 of Attachment M of the NYISO OATT. In calculating the WNY-FC Rate, the NYISO will make an outage charge adjustment for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service.

The billing units for the WNY-FC Rate for each applicable Billing Period will be based on the Actual Energy Withdrawals available for the current Billing Period for the Load Zones and/or Subzones of the Responsible LSEs. The NYISO will determine the applicable WNY-FC Rate and collect the appropriate WNY-FC Charges from the Responsible LSEs in each Billing Period and remit those revenues to National Grid in accordance with the NYISO’s billing and settlement procedures.

National Grid has discussed the proposed design of the WNY-FC rate recovery mechanism with the NYISO, and the NYISO has no objections to the proposed structure of the WNY-FC. Similarly, the NYPSC raised no concerns about this proposal during a meeting with National Grid or during subsequent communications with the NYISO related to NYISO-requested features of the WNY-FC.

B. The Proposal Results in the Proper Cost Allocation and Recovery

The WNY-FC will result in the appropriate allocation of cost responsibility and cost recovery for National Grid’s non-bulk transmission facility upgrades. Without the WNY-FC, the costs of the WNY Ancillary Upgrades would be allocated entirely to National Grid’s wholesale transmission service customers through the TSC and to

²⁵ Incremental TCCs are new transmission congestion contracts awarded by the NYISO for incremental increases in transfer capacity from new transmission expansions and improvements.

²⁶ Any Incremental TCCs that do not sell in the auctions will receive congestion payments pursuant to Section 20.2.3 of Attachment N of the NYISO OATT.

National Grid's retail customers through retail rates.²⁷ This would be inconsistent with cost causation principles as the non-bulk transmission facility upgrades would not be needed without a transmission project to address the Western New York Public Policy Transmission Need. The NYPSC recognized this potential mismatch and in the October 13 NYPSC Order expressed its expectation that National Grid would recover these upgrade costs from the selected WNY Developer.

The proposed allocation of the upgrade costs through this filing is consistent with the objectives of the October 13 NYPSC Order. National Grid will "receive reimbursement" for its costs of making the non-BPTF upgrades that are related to the BPTF project that is selected by the NYISO to fulfill the Western New York Public Policy Transmission Need.²⁸ The costs of a project selected to address that need will either be: (1) allocated to all New York LSEs through a project-specific cost allocation developed under Attachment Y to the NYISO OATT, Section 31.5.5.4, and submitted for Commission acceptance or approval by the WNY Developer, or (2) will be subject to the default cost allocation to all LSEs in New York based on load ratio share consistent with Section 31.5.5.4.3. Under either approach, the LSEs that will pay the costs of the selected project of the WNY Developer will be the Responsible LSEs that will pay the costs of the WNY Ancillary Upgrades under Rate Schedule 17. All project costs will be recovered from LSEs in proportion to their cost allocation and consistent with the NYISO's billing and settlement systems that recover transmission costs from LSEs.²⁹ As such, this filing will achieve the same effective cost allocation and recovery as if the WNY Developer paid National Grid for the costs of the WNY Ancillary Upgrades, and the WNY Developer then passed these costs through to LSEs as an operating expense in its own rates.

It should be noted that National Grid's customers will bear a share of the costs under this approach (through allocation to the Responsible LSEs), but not all of the costs of the WNY Ancillary Upgrades. This is appropriate because projects that are selected under the Western New York Public Policy Requirement are chosen because of their benefit to all of New York. Moreover, National Grid will recover no more and no less costs through the NYISO's collection of costs from LSEs than it would receive if it were to obtain reimbursement from the WNY Developer. In sum, the Commission should

²⁷ Prior to the WNY Ancillary Upgrades going into service National Grid will make comparable adjustments so none of the costs associated with the WNY Ancillary Upgrades are recovered through its state retail transmission and distribution service charge. NMPC acting as an LSE will recover all costs allocated to it for the WNY Ancillary Upgrades and the Western New York public policy project through its applicable and existing NYISO surcharge mechanisms.

²⁸ October 13 NYPSC Order at 17.

²⁹ See OATT Rate Schedule 10, § 6.10.3 (charging the Reliability Facilities Charge to LSEs); Rate Schedule 12, § 6.12.3 (charging the Highway Facilities Charge to LSEs); Rate Schedule 13, § 6.13.3 (charging the Transco Facilities Charge to LSEs); Rate Schedule 15, § 6.15.3 (charging the Marcy South Series Compensation Facilities Charge to LSEs). The NYISO does not have the capability through its tariffs, procedures or billing and settlement software to charge a transmission Developer to reimburse an existing Transmission Owner.

accept or approve the cost recovery mechanism proposed in this rate schedule as just and reasonable.

C. Effect on Rates and Revenues

The WNY-FC is a new charge to be paid by Responsible LSEs to allow National Grid to recover costs for non-bulk transmission system upgrades associated with the WNY Developer's Western New York public policy transmission project. The existing rates for NMPC's TSC customers and retail customers will not be directly affected by this new charge. The identification of the Responsible LSEs will occur through the process set forth in Attachment Y to the OATT after the selection of the WNY Developer. As noted above, the costs of the WNY Ancillary Upgrades are estimated to be less than \$20 million.

III. Proposed Effective Date

National Grid requests an effective date 61 days after filing. National Grid believes it is important to file this proposal and seek Commission approval prior to the selection of a WNY Developer. According to the NYISO, it will likely make a selection in the mid 2017 time frame. This proposal is intended to be neutral as to which WNY Developer is selected and, as noted by the NYPSC in the October 13 NYPSC Order discussed above, it should not be a factor in the selection of a WNY Developer.³⁰

Under the terms of the proposed Rate Schedule 17, the NYISO will not actually begin charging the WNY-FC until after the WNY Ancillary Upgrades are placed into service. The NYISO will begin charging the WNY-FC on the next effective Update Year after the WNY Ancillary Upgrades are placed into service.

³⁰ October 13 NYPSC Order at 17.

IV. Additional Information

A. Communications

Please place the names of the following persons on the official service list established by the Secretary in this proceeding:

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* Designated to receive service. Pursuant to 18 C.F.R. § 385.2010, National Grid respectfully requests waiver to permit more than two individuals to receive service in this proceeding.

B. List of Documents Submitted With Filing

Together with this filing letter, National Grid submits the following:

Attachment A Clean version of Rate Schedule 17

Attachment B Redlined version of Rate Schedule 17

C. Requests for Waiver

To the extent that waivers of any applicable requirements in 18 C.F.R. § 35.13 are necessary, National Grid respectfully requests such waivers. Good cause exists for waiver. The information, documents and attachments accompanying this filing, together with the National Grid's publicly available FERC Form 1 information, substantially comply with the Commission's cost support regulations and provide ample support for

the reasonableness of the proposed formula rate. Further, cost of service statements typically are not needed where the proposed rates are formula and will be based on actual costs as reflected in the applicant's audited books and records.³¹ Although National Grid is proposing a new charge, that charge is calculated based on a formula rate already accepted by the Commission. As a result, waiver, if necessary, would be consistent with Commission precedent for a formula rate filing of this nature.

Finally, the information submitted with this filing substantially complies with the requirements of Part 35 of the Commission's rules and regulations applicable to filings of this type. National Grid requests a waiver of any applicable requirement of Part 35 for which a waiver is not specifically requested, if necessary, in order to permit this filing to become effective as proposed.

D. Service

National Grid has served a copy of this filing electronically on the New York State Public Service Commission and on the NYISO. The NYISO has agreed to send a notice of this filing on behalf of National Grid to designated representatives of all NYISO customers. This will ensure that all New York LSEs receive notice of this filing.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ David Lodemore

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*On behalf of Niagara Mohawk Power
Corporation d/b/a National Grid*

³¹ *Southern California Edison Co.*, 136 FERC ¶ 61,074 at P 29 (2011) (granting waiver of Period I and II data); *Pub. Serv. Elec. & Gas Co.*, 124 FERC ¶ 61,303 at PP 23-24 (2008) (granting waiver of Sections 35.13(d)(1)-(2), 35.13(d)(5) and 35.13(h)); *Oklahoma Gas & Elec. Co.*, 122 FERC ¶ 61,071 at P 41 (2008); *Am. Elec. Power Serv. Corp.*, 120 FERC ¶ 61,205 at P 41 (2007) (granting waiver of Period I and II data); *Commonwealth Edison Co.*, 119 FERC ¶ 61,238 at PP 92-94 (2007) (granting waiver of Period I and II data and cost-of-service statements); *Trans-Allegheny Interstate Line Co.*, 119 FERC ¶ 61,219 at P 57 (2007) (same); *Duquesne Light Co.*, 118 FERC ¶ 61,087 at P 79 (2007) (granting waiver of Sections 35.13(d)(1)-(2) and 35.13(h)); *Idaho Power Co.*, 115 FERC ¶ 61,281 at P 20 (2006) (granting waiver of Period II data); *Allegheny Power Sys. Operating Cos.*, 111 FERC ¶ 61,308 at PP 55-56 (2005) (granting waiver of Period I and II data).

Attachment A

6.17 Schedule 17 - Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities (“WNY-FC”)

6.17.1 Applicability

6.17.1.1 Eligible Projects

This Schedule establishes the Western New York Facilities Charge (“WNY-FC”) for the recovery of the costs of certain upgrades to non-bulk transmission facilities related to any Public Policy Transmission Project that are eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.¹ Niagara Mohawk Power Corporation (“NMPC”) may recover through the WNY-FC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT related to certain upgrades to NMPC non-bulk transmission facilities in connection with a Public Policy Transmission Project that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to Western New York Public Policy Transmission Need. The “Western New York Public Policy Transmission Need” relates to congestion relief in Western New York identified by the NYPSC on July 20, 2015 and October 13, 2016, in NYPSC Case No. 14-E-0454.

The specific upgrades to NMPC non-bulk transmission facilities to address the Western New York Public Policy Transmission Need (the “WNY Ancillary Upgrades.”) shall be identified by the ISO in the Public Policy Transmission Planning Report for those needs.

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

6.17.1.2 Projects Not Eligible for Cost Recovery Through the WNY-FC

This Schedule does not apply to projects that are not eligible pursuant to Attachment Y of the ISO OATT for cost allocation and recovery under the ISO OATT, including, but not limited to: (i) projects undertaken by Transmission Owners through the Local Transmission Owner Planning Processes pursuant to Section 31.1.3 and Section 31.2.1 of Attachment Y of the ISO OATT; (ii) market-based solutions to transmission needs identified in the CSPP; (iii) any non-transmission components of an Eligible Project (*e.g.*, generation, energy efficiency, or demand response resources); (iv) transmission Generator Deactivation Solutions selected in the Generator Deactivation Process pursuant to Attachment FF of the ISO OATT and eligible for cost recovery through Schedule 16 (Section 6.16) of the ISO OATT; (v) transmission facilities eligible for cost recovery through another rate schedule of the ISO OATT; and (vi) facilities for which costs are recovered through the Transmission Service Charge (“TSC”) or the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Attachment H of the ISO OATT.

6.17.2 Revenue Requirement for WNY-FC

The WNY-FC shall be calculated in accordance with the formula set forth in Section 6.17.3. The costs that may be included in the WNY-FC revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the WNY Ancillary Upgrades, including, but not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission’s regulations implementing those sections, as determined by the Commission.

6.17.3 Calculation and Recovery of WNY-FC and Payment of Recovered Revenue

6.17.3.1 The ISO will calculate and bill the WNY-FC separately for the WNY Ancillary Upgrades in accordance with this Section 6.17.3. The ISO shall collect the WNY-FC from LSEs. The LSEs, including Transmission Owners, competitive LSEs, municipal systems, and any other LSEs, serving Load in the Load Zones and/or Subzones to which the costs of the WNY Ancillary Upgrades have been allocated (each a “Responsible LSE”) shall pay the WNY-FC. The costs of the WNY Ancillary Upgrades shall be allocated in accordance with the Commission-approved cost allocation methodology for the Public Policy Transmission Project selected to address Western New York Public Policy Transmission Need in accordance with Section 31.5.5 of Attachment Y of the ISO OATT.

6.17.3.2 The WNY-FC revenue requirement shall be calculated as follows: The annual WNY-FC revenue requirement shall equal the annual Historical Transmission Revenue Requirement (“HTRR”) for NMPC’s TSC divided by NMPC’s gross transmission plant in service multiplied by the gross transmission plant in service for the WNY Ancillary Upgrades. For purposes of this calculation:

- (a) NMPC’s HTRR is equal to Attachment 1 to Attachment H, Schedule 1, line 17.
- (b) NMPC’s gross transmission plant is equal to Attachment 1 to Attachment H, Schedule 6, page 2 of 2, line 3.

In addition, to the extent that the revenues received for the WNY Ancillary Upgrades in the prior year were greater (or less) than the annual WNY-

FC revenue requirement for the year, the current year's WNY-FC revenue requirement will be decreased (or increased) by that difference. The annual WNY-FC revenue requirement will be the basis for the applicable WNY-FC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.17.3.5.

6.17.3.3 NMPC shall request Incremental TCCs with respect to the WNY Ancillary Upgrades in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and receive any Incremental TCCs to the extent awarded by the ISO pursuant to such request. As it relates solely to the WNY Ancillary Upgrades, NMPC shall not be a "Transmission Owner" for purposes of Section 20.2.5 or Section 20.3.7 of Attachment N of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of Attachment N of the ISO OATT or Net Auction Revenues under Section 20.3.7 of Attachment N of the ISO OATT.

NMPC shall in relation to the WNY Ancillary Upgrades exercise its right to obtain and maintain in effect all Incremental TCCs, including temporary Incremental TCCs, to which it has rights under Section 19.2.4 of Attachment M of the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Sections 19.2.4.7 and 19.2.4.8 of Attachment M of the ISO OATT, Incremental TCCs created and awarded to NMPC as a result of implementation of the WNY Ancillary Upgrades shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NMPC as a result of the implementation of the WNY Ancillary

Upgrades, shall be offered by NMPC in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse the associated auction revenues to NMPC. The total amount of the auction revenues disbursed to NMPC pursuant to this Section 6.17.3.3 shall be used in the calculation of the WNY-FC Rate, as set forth in Section 6.17.3.5. Incremental TCCs associated with the WNY Ancillary Upgrades shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M of the ISO OATT.

The revenue offset discussed in this Section 6.17.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades on or after the date the WNY-FC is implemented. The WNY-FC and the revenue offset related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades shall not require and shall not be dependent upon a reopening or review of: (i) NMPC's revenue requirements for charges set forth in another rate schedule of the ISO OATT, or (ii) NMPC's revenue requirements for its TSC set forth in Attachment H of the ISO OATT.

6.17.3.3.1 With respect to the WNY Ancillary Upgrades only, NMPC shall receive the outage charges specific to Incremental TCCs as described herein and shall not be charged O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Auction Revenue Shortfall Charges or U/D Auction Revenue Shortfall Charges or be paid O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Surplus Payments, O/R-t-S Auction Revenue

Surplus Payments or U/D Auction Revenue Surplus Payments under Section 20.2.4 and Section 20.3.6 of Attachment N of the ISO OATT. Outage charges related to any Incremental TCCs awarded by the ISO for the WNY Ancillary Upgrades shall be separately assessed to NMPC as an Expander not subject to Section 20.2.5 of Attachment N of the ISO OATT, and payable by NMPC to the ISO, pursuant to Section 19.2.4 of Attachment M of the ISO OATT for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service.

6.17.3.4 The billing units for the WNY-FC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Load Zones and/or Subzones allocated the costs of the project in the manner described in Section 6.17.3.1.

6.17.3.5 Cost Recovery Methodology

The ISO shall calculate the WNY-FC for each Responsible LSE as follows:

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

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

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

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

Where,

l = the relevant Responsible LSE;

p = the WNY Ancillary Upgrades;

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

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

the relevant Billing Period;

$E_{l,z,B}$ = Actual Energy Withdrawals in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B ;

$E_{l,B}$ = Actual Energy Withdrawals for Responsible LSE l in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B ;

$R_{p,B}$ = the pro rata share of the annual revenue requirement for the WNY Ancillary Upgrades as set forth in 6.17.3.2 above, allocated for Billing Period B ;

$R_{p,B}$ = the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NMPC pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the WNY Ancillary Upgrades, as discussed in Section 6.17.3.3 above, allocated for Billing Period B . The revenues from the sale of Incremental TCCs in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

$OutageCostAdjustment_{p,B}$ = the Outage charges determined pursuant to Section 6.17.3.3.1 above for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service aggregated across all hours in Billing Period B ; and

$ZonalCostAllocation_{z,p}$ = the proportion of the cost of the WNY Ancillary Upgrades allocated to Load Zone or Subzone, as applicable, z , in the manner described in Section 6.17.3.1 above.

6.17.3.6 The ISO will collect the appropriate WNY-FC revenues each Billing Period and remit those revenues to NMPC in accordance with the ISO's billing and settlement procedures.

6.17.3.7 Payments received by NMPC for the WNY-FC will be treated as a revenue credit in the revenue requirement for NMPC's TSC. After considering the revenue credit from the WNY-FC, the net cost for the WNY Ancillary Upgrades recovered through the TSC will be deemed to be zero.

6.17.3.8 NMPC shall recalculate the WNY-FC revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the ISO OATT. The WNY-FC revenue requirement shall be separately stated in that Annual Update, and the Annual Update shall provide supporting documentation for the calculation of the WNY-FC revenue requirement for the Update Year. Each Responsible LSE paying the WNY-FC shall be an "Interested Party" with respect to any portion of the Annual Update related to the WNY-FC. The WNY-FC revenue requirement for the first year after the WNY Ancillary Upgrades are placed in service will be calculated retroactively to the in-service date. The ISO shall commence charging the WNY-FC beginning with the first billing period for the next effective Update Year, as such term is defined in Section 14.1.9.1.66 of Attachment H of the ISO OATT, after the WNY Ancillary Upgrades are placed into service.

Attachment B

6.17 Schedule 17 - Rate Mechanism for the Recovery of the Western New York Facilities Charge for Non-Bulk Transmission Facilities (“WNY-FC”)

6.17.1 Applicability

6.17.1.1 Eligible Projects

This Schedule establishes the Western New York Facilities Charge (“WNY-FC”) for the recovery of the costs of certain upgrades to non-bulk transmission facilities related to any Public Policy Transmission Project that are eligible for cost recovery in accordance with the Comprehensive System Planning Process requirements set forth in Attachment Y of the ISO OATT.¹ Niagara Mohawk Power Corporation (“NMPC”) may recover through the WNY-FC the costs that it is eligible to recover pursuant to Attachment Y of the ISO OATT related to certain upgrades to NMPC non-bulk transmission facilities in connection with a Public Policy Transmission Project that the ISO has selected pursuant to Section 31.4.8.2 of Attachment Y of the ISO OATT as the more efficient or cost-effective solution to Western New York Public Policy Transmission Need. The “Western New York Public Policy Transmission Need” relates to congestion relief in Western New York identified by the NYPSC on July 20, 2015 and October 13, 2016, in NYPSC Case No. 14-E-0454.

The specific upgrades to NMPC non-bulk transmission facilities to address the Western New York Public Policy Transmission Need (the “WNY Ancillary Upgrades.”) shall be identified by the ISO in the Public Policy Transmission Planning Report for those needs.

6.17.1.2 Projects Not Eligible for Cost Recovery Through the WNY-FC

This Schedule does not apply to projects that are not eligible pursuant to Attachment Y of the ISO OATT for cost allocation and recovery under the ISO OATT, including, but not limited

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

to: (i) projects undertaken by Transmission Owners through the Local Transmission Owner Planning Processes pursuant to Section 31.1.3 and Section 31.2.1 of Attachment Y of the ISO OATT; (ii) market-based solutions to transmission needs identified in the CSPP; (iii) any non-transmission components of an Eligible Project (e.g., generation, energy efficiency, or demand response resources); (iv) transmission Generator Deactivation Solutions selected in the Generator Deactivation Process pursuant to Attachment FF of the ISO OATT and eligible for cost recovery through Schedule 16 (Section 6.16) of the ISO OATT; (v) transmission facilities eligible for cost recovery through another rate schedule of the ISO OATT; and (vi) facilities for which costs are recovered through the Transmission Service Charge (“TSC”) or the NYPA Transmission Adjustment Charge (“NTAC”) determined in accordance with Attachment H of the ISO OATT.

6.17.2 Revenue Requirement for WNY-FC

The WNY-FC shall be calculated in accordance with the formula set forth in Section 6.17.3. The costs that may be included in the WNY-FC revenue requirement include all reasonably incurred costs related to the preparation of proposals for, and the development, financing, construction, operation, and maintenance of, the WNY Ancillary Upgrades, including, but not limited to, a reasonable return on investment and any incentives for the construction of transmission projects approved under Section 205 or Section 219 of the Federal Power Act and the Commission’s regulations implementing those sections, as determined by the Commission.

6.17.3 Calculation and Recovery of WNY-FC and Payment of Recovered Revenue

6.17.3.1 The ISO will calculate and bill the WNY-FC separately for the WNY Ancillary Upgrades in accordance with this Section 6.17.3. The ISO shall collect the WNY-FC from LSEs. The LSEs, including Transmission Owners, competitive LSEs, municipal systems, and any other LSEs, serving Load in the

Load Zones and/or Subzones to which the costs of the WNY Ancillary Upgrades have been allocated (each a “Responsible LSE”) shall pay the WNY-FC. The costs of the WNY Ancillary Upgrades shall be allocated in accordance with the Commission-approved cost allocation methodology for the Public Policy Transmission Project selected to address Western New York Public Policy Transmission Need in accordance with Section 31.5.5 of Attachment Y of the ISO OATT.

6.17.3.2 The WNY-FC revenue requirement shall be calculated as follows: The annual WNY-FC revenue requirement shall equal the annual Historical Transmission Revenue Requirement (“HTRR”) for NMPC’s TSC divided by NMPC’s gross transmission plant in service multiplied by the gross transmission plant in service for the WNY Ancillary Upgrades. For purposes of this calculation:

(a) NMPC’s HTRR is equal to Attachment 1 to Attachment H, Schedule 1, line 17.

(b) NMPC’s gross transmission plant is equal to Attachment 1 to Attachment H, Schedule 6, page 2 of 2, line 3.

In addition, to the extent that the revenues received for the WNY Ancillary Upgrades in the prior year were greater (or less) than the annual WNY-FC revenue requirement for the year, the current year’s WNY-FC revenue requirement will be decreased (or increased) by that difference. The annual WNY-FC revenue requirement will be the basis for the applicable WNY-FC Rate (\$/MWh) for the Billing Period that shall be charged by the ISO to each

Responsible LSE based on its Actual Energy Withdrawals as set forth in Section 6.17.3.5.

6.17.3.3 NMPC shall request Incremental TCCs with respect to the WNY Ancillary Upgrades in accordance with the requirements of Section 19.2.4 of Attachment M of the ISO OATT and receive any Incremental TCCs to the extent awarded by the ISO pursuant to such request. As it relates solely to the WNY Ancillary Upgrades, NMPC shall not be a “Transmission Owner” for purposes of Section 20.2.5 or Section 20.3.7 of Attachment N of the ISO OATT and accordingly shall not receive an allocation of Net Congestion Rents under Section 20.2.5 of Attachment N of the ISO OATT or Net Auction Revenues under Section 20.3.7 of Attachment N of the ISO OATT.

NMPC shall in relation to the WNY Ancillary Upgrades exercise its right to obtain and maintain in effect all Incremental TCCs, including temporary Incremental TCCs, to which it has rights under Section 19.2.4 of Attachment M of the ISO OATT and shall take the actions required to do so in accordance with the procedures specified therein. Notwithstanding Sections 19.2.4.7 and 19.2.4.8 of Attachment M of the ISO OATT, Incremental TCCs created and awarded to NMPC as a result of implementation of the WNY Ancillary Upgrades shall not be eligible for sale in Secondary Markets. Incremental TCCs that may be created and awarded to NMPC as a result of the implementation of the WNY Ancillary Upgrades, shall be offered by NMPC in all rounds of the six month Sub-Auction of each Centralized TCC Auction conducted by the ISO. The ISO shall disburse the associated auction revenues to NMPC. The total amount of the auction revenues disbursed to NMPC pursuant to this Section 6.17.3.3 shall be used in the

calculation of the WNY-FC Rate, as set forth in Section 6.17.3.5. Incremental TCCs associated with the WNY Ancillary Upgrades shall continue to be offered for the duration of the Incremental TCCs, established pursuant to the terms of Attachment M of the ISO OATT.

The revenue offset discussed in this Section 6.17.3.3 shall commence upon the first payment of revenues related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades on or after the date the WNY-FC is implemented. The WNY-FC and the revenue offset related to Incremental TCCs associated with the implementation of the WNY Ancillary Upgrades shall not require and shall not be dependent upon a reopening or review of:
(i) NMPC's revenue requirements for charges set forth in another rate schedule of the ISO OATT, or (ii) NMPC's revenue requirements for its TSC set forth in Attachment H of the ISO OATT.

6.17.3.3.1 With respect to the WNY Ancillary Upgrades only, NMPC shall receive the outage charges specific to Incremental TCCs as described herein and shall not be charged O/R-t-S Congestion Rent Shortfall Charges, U/D Congestion Rent Shortfall Charges, O/R-t-S Auction Revenue Shortfall Charges or U/D Auction Revenue Shortfall Charges or be paid O/R-t-S Congestion Rent Surplus Payments, U/D Congestion Rent Surplus Payments, O/R-t-S Auction Revenue Surplus Payments or U/D Auction Revenue Surplus Payments under Section 20.2.4 and Section 20.3.6 of Attachment N of the ISO OATT. Outage charges related to any Incremental TCCs awarded by the ISO for the WNY Ancillary Upgrades shall be separately assessed to NMPC as an Expander not subject to

Section 20.2.5 of Attachment N of the ISO OATT, and payable by NMPC to the ISO, pursuant to Section 19.2.4 of Attachment M of the ISO OATT for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service.

6.17.3.4 The billing units for the WNY-FC Rate for the Billing Period shall be based on the Actual Energy Withdrawals available for the current Billing Period for those Load Zones and/or Subzones allocated the costs of the project in the manner described in Section 6.17.3.1.

6.17.3.5 Cost Recovery Methodology

The ISO shall calculate the WNY-FC for each Responsible LSE as follows:

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

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

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

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

Where,

l = the relevant Responsible LSE;

p = the WNY Ancillary Upgrades;

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

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

the relevant Billing Period;

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

= Actual Energy Withdrawals for Responsible LSE 1 in Load Zone or Subzone, as applicable, z aggregated across all hours in Billing Period B;

= the pro rata share of the annual revenue requirement for the WNY Ancillary Upgrades as set forth in 6.17.3.2 above, allocated for Billing Period B;

= the auction revenue derived from the sale of Incremental TCCs plus Incremental TCC payments received by NMPC pursuant to Section 20.2.3 of Attachment N of the ISO OATT for the WNY Ancillary Upgrades, as discussed in Section 6.17.3.3 above, allocated for Billing Period B. The revenues from the sale of Incremental TCCs in the ISO's six month Sub-Auctions of each Centralized TCC Auction shall be allocated uniformly across all hours of the Billing Period;

OutageCostAdjustment_{p,B} = the Outage charges determined pursuant to Section 6.17.3.3.1 above for any hour in the Day-Ahead Market during which the WNY Ancillary Upgrades are modeled to be wholly or partially out of service aggregated across all hours in Billing Period B; and

ZonalCostAllocation_{z,p} = the proportion of the cost of the WNY Ancillary Upgrades allocated to Load Zone or Subzone, as applicable, z, in the manner described in Section 6.17.3.1 above.

6.17.3.6 The ISO will collect the appropriate WNY-FC revenues each Billing Period and remit those revenues to NMPC in accordance with the ISO's billing and settlement procedures.

6.17.3.7 Payments received by NMPC for the WNY-FC will be treated as a revenue credit in the revenue requirement for NMPC's TSC. After considering the revenue credit from the WNY-FC, the net cost for the WNY Ancillary Upgrades recovered through the TSC will be deemed to be zero.

6.17.3.8 NMPC shall recalculate the WNY-FC revenue requirement each year as part of the Annual Update process set forth in Section 14.1.9.4 of Attachment H of the ISO OATT. The WNY-FC revenue requirement shall be separately stated in that Annual Update, and the Annual Update shall provide supporting documentation for the calculation of the WNY-FC revenue requirement for the Update Year. Each Responsible LSE paying the WNY-FC shall be an “Interested Party” with respect to any portion of the Annual Update related to the WNY-FC. The WNY-FC revenue requirement for the first year after the WNY Ancillary Upgrades are placed in service will be calculated retroactively to the in-service date. The ISO shall commence charging the WNY-FC beginning with the first billing period for the next effective Update Year, as such term is defined in Section 14.1.9.1.66 of Attachment H of the ISO OATT, after the WNY Ancillary Upgrades are placed into service.