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June 26, 2020

VIA eFILING

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

**Re: *New York Independent System Operator, Inc., et al.*
Compliance Filing of New York Transco, LLC
Docket No. ER15-572-___**

Dear Secretary Bose:

At the request of the New York Independent System Operator, Inc. (“NYISO”), and in compliance with the November 16, 2017, Letter Order issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) approving the Offer of Settlement (“Settlement”) between New York Transco, LLC (“NY Transco”) and the other signatories to the Settlement¹ in Docket No. ER15-572,² NY Transco hereby submits this clarifying filing with revisions to the NYISO Open Access Transmission Tariff (“OATT”) to avoid any potential confusion as to the proper cost allocation mechanism for the NY Transco transmission facilities.³

¹ The signatories to the Settlement are Central Hudson Gas and Electric Corporation; Consolidated Edison Company of New York, Inc.; Niagara Mohawk Power Corporation d/b/a National Grid; NY Transco; New York State Electric and Gas Corporation; Orange and Rockland Utilities, Inc.; Rochester Gas and Electric Corporation; New York Power Authority; Power Supply Long Island; New York Public Service Commission (New York Commission); City of New York; Municipal Electric Utilities Association of New York; and Multiple Intervenors, an unincorporated association of approximately 60 industrial, commercial, and institutional energy consumers with manufacturing and other facilities located throughout New York State.

² *New York Independent System Operator, Inc.*, Letter Order, 161 FERC ¶ 61,161 (Nov. 16, 2017) (“Settlement Order”).

³ NYISO submits this filing on behalf of NY Transco in its role as the administrator of the NYISO OATT. Capitalized terms not otherwise defined herein shall have the meaning specified in the NYISO OATT.

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Section 31.8 of Appendix E of Attachment Y to the NYISO OATT is intended to identify all cost allocation methodologies approved by the Commission for projects selected in response to Public Policy Transmission Needs that utilize a methodology other than the default load ratio share methodology set forth in Section 31.5.5.4.3 of Attachment Y to the NYISO OATT. Section 31.5.5.4 of Attachment Y to the NYISO OATT establishes that the “cost allocation methodology that is accepted or approved by the Commission for a particular Public Policy Transmission Project in accordance with this Section 31.5.5.4 will be set forth in Appendix E (Section 31.8) of this Attachment Y.”

Section 31.8.2 of the NYISO OATT includes the Commission-approved cost allocation methodology associated with the AC Transmission Public Policy Transmission Need identified by the New York Public Service Commission (“AC Transmission Projects”). Section 31.8.2 provides: “The ISO will apply the cost allocation methodology set forth under this Section 31.8.2 of Appendix E in the absence of the Commission accepting a different methodology.”⁴ As noted below, the Commission did accept a different cost allocation methodology that is included in Section 36.2.1.2 of Attachment DD to the NYISO OATT related to NY Transco’s development of a segment of the AC Transmission Projects.⁵ NYISO has recently determined that, in order to avoid confusion, a reference to Section 36.2.1.2 should be included in Section 31.8. This filing accomplishes that request.

I. BACKGROUND

On December 4, 2014, NY Transco submitted a filing in the above-referenced proceeding requesting that the Commission (1) approve certain incentive rate treatments pursuant to Section 219 of the Federal Power Act (“FPA”) and Commission Order No. 679 for its anticipated investment in what has become known as the Transmission Owner Transmission Solutions projects (“TOTS Projects”) and the projects related to the AC Transmission Projects; (2) accept a proposed transmission formula rate and implementation protocols for recovery of NY Transco’s revenue requirements (“Formula Rate”); (3) approve NY Transco’s requested base return on equity (“ROE”) component; (4) accept a cost allocation methodology to recover NY Transco’s revenue requirements from NYISO customers; and (5) accept proposed revisions to the NYISO OATT to include a Transco Facilities Charge (“TFC”) under Rate Schedule 13 (Section 6.13) and the Formula Rate and proposed cost allocation methodology in Attachment DD (Section 36).⁶

⁴ NYISO OATT, Attachment Y, Appendix E, Section 31.8.2.

⁵ NYISO OATT, Attachment DD, Section 36.2.1.2.

⁶ See Filing Letter, Docket No. ER15-572-000 (December 4, 2014).

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On August 21, 2017, NY Transco submitted an Offer of Settlement resolving all of the remaining issues then pending and related to the AC Transmission Projects. Because the AC Transmission Projects had not yet been selected pursuant to the requirements of the NYISO's Public Policy Transmission Planning Process, the Settlement stipulated that, if NY Transco were selected to build any portion of the AC Transmission Projects, NY Transco would make a compliance filing after the NYISO makes its selection. The Commission approved the Settlement in the Settlement Order and included the compliance obligation.⁷

On April, 8, 2019, pursuant to the NYISO's Public Policy Transmission Planning Process set forth in Section 31.4 of Attachment Y of the NYISO OATT, the NYISO Board of Directors ("Board") selected the New York Energy Solution project proposed jointly by Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid") and NY Transco as the more efficient or cost-effective transmission solution to address Segment B of the identified AC Transmission Public Policy Transmission Needs.⁸ In accordance with the Settlement, on May 8, 2019, NY Transco submitted revised tariff records to the TFC under Rate Schedule 13 of the NYISO OATT (Section 6.13) and the Formula Rate and proposed cost allocation methodology in Attachment DD of the NYISO OATT (Section 36) to effectuate each of the terms of the Settlement.⁹ The Commission accepted the compliance filing by Delegated Order on October 29, 2019, and granted an effective date of April 8, 2019.

NYISO has asked NY Transco to make a clarifying filing to revise Appendix E of the NYISO OATT and provide reference to the approved cost allocation mechanism for NY Transco's Segment B facilities. The cost allocation mechanism was included in NY Transco's May 8, 2019 compliance filing and approved by the Commission. Although the Commission-approved cost allocation methodology for NY Transco's Segment B facilities is set forth in Section 36.2.1.2 of Attachment DD of the NYISO OATT, this cost allocation methodology is not currently identified in Appendix E of Attachment Y to the NYISO OATT as contemplated by Section 31.5.5.4 of Attachment Y to the NYISO OATT. The clarifying revisions proposed by

⁷ At the time of filing the Settlement, NY Transco requested, and the Commission approved, waiver of Rule 602(c)(2) of the Commission's Rules of Practice and Procedure because the Settlement terms would only apply in the event that NY Transco was selected by NYISO to construct certain aspects of the AC Transmission Projects. 18 C.F.R. § 385.602(c)(2) (2018) ("If an offer of settlement pertains to a tariff or rate filing, the offer must include any proposed change in a form suitable for inclusion in the filed rate schedules or tariffs, and a number of copies sufficient to satisfy the requirements applicable to tariff or rate filings of the type at issue in the proceeding.")

⁸ NYISO Board of Directors' Decision on Approval of AC Transmission Public Policy Transmission Planning Report and Selection of Public Policy Transmission Projects, April 8, 2019, *available at* <https://www.nyiso.com/documents/20142/1390750/Board-Decision-AC-Transmission-2019-04-08.pdf/32323d32-f534-a790-1b03-2cb110033320>.

⁹ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

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this filing seek to ensure that the cost allocation methodology previously approved by the Commission for NY Transco's Segment B facilities is also identified in Appendix E of Attachment Y to the NYISO OATT.

II. DESCRIPTION OF FILING

NY Transco submits certain minor revisions to Section 31.8 of the NYISO OATT. Specifically, NY Transco proposes to make the following changes to Appendix E of Attachment Y of the NYISO OATT:¹⁰

- **Section 31.8.2:** Section 31.8.2 is revised to reflect the fact that the NYISO will apply the cost allocation methodology set forth in a new Section 31.8.3 for the selected Public Policy Transmission Project that satisfies Segment B of the AC Transmission Public Policy Transmission Need.
- **Section 31.8.3:** Section 31.8.3 is a new section added to reflect the fact that Sections 36.1.1 and 36.2.1.2 of Attachment DD to the NYISO OATT set forth the Commission-accepted methodology for allocating the costs associated with the Public Policy Transmission Project that satisfies Segment B of the AC Transmission Public Policy Transmission Need.

III. CONTENTS OF FILING

This compliance filing consists of the following documents:

1. Filing Letter;
2. Certificate of Service;
3. Attachment A: Redlined version of the proposed revisions to Appendix E (Section 31.8) of the NYISO OATT; and
4. Attachment B: Clean version of the proposed revisions to Appendix E (Section 31.8) of the NYISO OATT.

¹⁰ In addition, the section number for Section "38.1.2.3" is revised to reflect "31.8.2.3" to correct a prior typographical error.

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IV. COMMUNICATIONS

All communications regarding this filing should be directed to the following individuals:

Kathleen Carrigan
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V. SERVICE

NY Transco will serve each person designated on the official service list compiled by the Secretary in this proceeding. This filing will be posted on the NYISO website at www.nyiso.com, and the NYISO will send an electronic link to this filing to the official representative of each of its customers, to the New York State Public Service Commission, and to the New Jersey Board of Public Utilities.

VI. TARIFF EFFECTIVE DATE

The Commission accepted NY Transco's revisions to incorporate the terms of the settlement, including the cost allocation mechanism for NY Transco's development of Segment B of the AC Transmission Public Policy Transmission Need, with an effective date of April 8, 2019. Because the instant filing simply seeks to revise the OATT to include a reference to the Commission-approved cost allocation methodology specified elsewhere in the Tariff, NY Transco requests an effective date consistent with the effective date of the approved cost allocation mechanism - April 8, 2019. NY Transco submits that good cause exists to grant the requested effective date because the cost allocation methodology was already clearly spelled out in the appropriate sections of the OATT. The Commission need not be concerned about retroactive ratemaking restrictions because the Commission-approved cost allocation mechanism was already approved by the Commission in Section 36.2.1.2 of Attachment DD to the NYISO OATT and NY Transco respectfully requests the Commission grant any necessary waivers for the requested effective date.

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VII. CONCLUSION

For the foregoing reasons, NY Transco respectfully requests the Commission to accept this housekeeping filing without modification.

Respectfully submitted,

/s/ Evan C. Reese III

Evan C. Reese III

Sophia Browning

Counsel to New York Transco, LLC

Attachments

CERTIFICATE OF SERVICE

I hereby certify that I caused a copy of the foregoing document to be served electronically upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission.

Dated at Washington D.C. this 26th day of June, 2020.

/s/ Sophia Browning
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