

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

The Day-Ahead commitment of generating units includes sufficient Resources to provide for the safe and reliable operation of the NYS Power System. In cases in which the sum of all Day-Ahead Bilateral Schedules, and all Day-Ahead purchases of energy to serve Load within the NYCA is less than the ISO’s Day-Ahead forecast of Load, the ISO may commit Resources in addition to the reserves it normally maintains (“Additional Resources”). Payments for Bid Production Cost guarantees (“BPCG”) made to such Additional Resources are to be allocated pursuant to the methodology set forth below and recovered under Rate Schedule 1 of the OATT. Any BPCG payments made to Additional Resources that are not allocated pursuant to this methodology shall be allocated to Transmission Customers according to the provisions of Section 6.1.7.2, of Rate Schedule 1 of the OATT

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

BPCG payments made to Additional Resources shall be allocated to each Eligible Transmission Customer as follows:

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

Where:

- $BPCG_c$  = Obligation of Transmission Customer “c” for the Bid Production Cost guarantees for Additional Resources for the day.
- $BPCG_{NYCA}$  = Total Bid Production Cost guarantees paid to Additional Resources in the NYCA for the day.
- c = An Eligible Transmission Customer.
- J = Index for Load Zones or Composite Load Zones in the set NYCA
- D = Index for eligible transmission customers in the NYCA
- E = Set of all eligible transmission customers
- L = Load Zone or Composite Load Zone
- $K_L^{fe}$  = A scale factor calculated for each Load Zone or Composite Load Zone that determines the portion of BPCG to Additional Resources that will be allocated through the procedures described in this attachment.
- $K_L^{loc}$  = A scale factor calculated for each Load Zone or Composite Load Zone “L” that determines the share of BPCG to Additional Resources that shall be allocated to that Load Zone or Composite Load Zone. The scale factor is based on the ratio of Energy purchases in the real-time market by Eligible Transmission Customers in load zone or composite load zone “L” in each hour, summed over the hours of the day in which these purchases are positive, to all Energy purchases in the real-time market by Eligible Transmission Customers in each Load Zone or Composite Load Zone in each hour, summed over the hours of the day in which these purchases in a given Load Zone or Composite Load Zone are positive, and summed over all Load Zones or Composite Load Zones.
- $K_{c,L}^{customer}$  = A scale factor calculated for Eligible Transmission Customer “c” in Load Zone or Composite Load Zone “L” which determines the portion of the BPCG to Additional Resources allocated to that Load Zone or Composite Load Zone that shall be allocated to that Eligible Transmission Customer “c.”
- $RTP_L^{act}$  = Net Energy purchases from the Real-Time market in Load Zone or Composite Load Zone “L” by all Eligible Transmission Customers in each hour, summed over the hours of the day in which these purchases are positive.
- $RTP_{c,L}^{act}$  = Energy purchases from the Real-Time market in Load Zone or Composite Load Zone “L” by an Eligible Transmission Customer “c” in each hour summed over hours of the day in which these purchases are positive.
- $RTP_L^{fcst}$  = The sum of (1) Day-Ahead sales for each hour of the day in the Day-Ahead market at the Load bus specified for Virtual Transactions in Load Zone or

Composite Load Zone “L” by Eligible Transmission Customers; and (2) the ISO’s Day-Ahead forecast Load requirement for Load Zone or Composite Load Zone “L” for that hour of the day less the sum of Energy purchases from the Day-Ahead market at Load buses including Load buses specified for Virtual Transactions but not Proxy Generator Buses and Bilateral Transactions with POWs that are Load Buses other than those specified for Virtual Transactions and other than Proxy Generator Buses for that hour; summed over the hours of the day in which the sum of (1) and (2) is positive.

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

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

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

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

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

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

The residual BPCG payments not allocated to such Additional Resources according to the methodology described above shall be allocated to all Transmission Customers using the methods described in Section 6.1.7.2., of Rate Schedule 1 of the OATT. The residual is determined according to:

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