ISO NEW ENGLAND PLANNING PROCEDURE NO. 4

PROCEDURE FOR POOL-SUPPORTED PTF COST REVIEW

EFFECTIVE DATE: September 7, 2023

Planning Procedure No. 4
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1.0 General

This procedure (PP4) provides detailed guidance, pursuant to the ISO New England Transmission, Markets and Services Tariff (the Tariff), regarding the cost review of those necessary regulated transmission solution additions and modifications, reconstructions or replacements (referred to herein as Projects[2]) of Pool Transmission Facilities (PTF) that are eligible for regional cost support: including Regional Benefit Upgrades (RBUs);[3] Public Policy Transmission Upgrades;[4] and reconstruction/replacement of the PTF.

Under Section II.50 and Schedule 12 of Section II - Open Access Transmission Tariff (OATT) of the Tariff, ISO New England Inc. (ISO) with advisory input from the Reliability Committee (RC) will determine whether there are Localized Costs to be excluded from Pool-Supported PTF revenue requirements.

This Planning Procedure provides guidance on: what Projects are subject to cost review; what information the applicant for cost review (the Applicant) must provide to the ISO; the process for RC and ISO review of an Applicantôs Project; the factors that will be considered in determining whether there are Localized Costs associated with a Project; and the periodic reporting of costs associated with a Project by the Applicant.

This Planning Procedure also provides an Applicant with guidelines for preparing a Transmission Cost Allocation (TCA) application (TCA Application) for use by the ISO and the RC. The Applicant must support the TCA Application with the necessary information and analysis of the Project. This procedure provides guidance on what information and analysis is to be supplied in support a TCA Application. The submittal of a completed TCA Application form provided in Attachment B ï TCA Form (Attachment B)[5] to this Procedure and any supporting materials describing and assessing the impact of the proposed Project together shall constitute submittal of a TCA Application.

[1] Capitalized terms used in this Procedure are intended to have the same meaning given to such terms in Section I.2.2 of the Tariff.

[2] For the purposes of this Planning Procedure, a Project is a plan, program, or grouping of Transmission

Approval of a TCA Application by the ISO informs an Applicant of the approved Project costs that may be included in Pool-Supported PTF revenue requirements subject to the terms and conditions in the OATT. An ISO finding of Localized Costs does not prohibit an Applicant from recovering such expenditures elsewhere in the OATT.

This Planning Procedure shall be submitted to the review of the RC, no less than every five years or at the request of the RC, to evaluate the appropriateness of the minimum threshold set out in section 1.1.2 of this Planning Procedure.

1.1 Projects Requiring a TCA Application

1.1.1. Categories of Projects requiring TCA Application

TCA Applications are required for the following types of Projects that are seeking regional cost support:

(1) an RBU identified in the Regional System Plan or Regional System Plan Project List (including those selected as part of the Competitive Solutions Process);

(2) one or more plans that otherwise require submittal for review under Tariff Section I.3.9 and that address the same system need as an RBU as identified in the Regional System Plan or Regional System Plan Project list;

(3) reconstruction/replacement of PTF that does not require approval under Tariff Section I.3.9 but that has a total estimated PTF portion of the Project cost greater than or equal to $5 Million;

(4) a Public Policy Transmission Upgrade identified in the Regional System Plan or Regional System Plan Project List;

(5) an Asset Condition Project[6] identified in the Asset Condition Project List (as further described in Attachment G)

Although the Project may be projected over any time frame to demonstrate prudent planning, action on TCA Applications will only be taken on plans

[6] For more details on requirements for asset condition projects, see the Section 6.3 of the Transmission Planning Process Guide: https://www.iso-ne.com/static-assets/documents/2022/11/transmission_planning_process_guide.pdf

The complexity of proposed changes to the transmission system can range from minor changes to major alterations. The intent of the PP4 process is to match information required as part of a TCA Application, to the review effort, and relative cost of the Project. Section 1.5 below provides guidance as to the level of information required in a TCA Application. The TCA Application, and any supporting documents, shall also reflect the cost information as illustrated in Appendix D ï Project Cost Estimating Guidelines.[9] The Applicant may request further guidance or preliminary review of Project-related information from the ISO and the RC prior to submitting a formal TCA Application.

1.3 Special Consideration of Submitted Materials

Should any documentation be submitted that is considered confidential by the Applicant, it is the responsibility of the Applicant to describe to the ISO, by name, the documents to be considered confidential. All information

to this PP4. This functionality will provide for a consistent CIP-014 TCA Application across all Applicants.

1.4 Roles of PAC, RC and ISO in TCA Application Review Process

1.4.1 In advance of the submittal of a completed TCA Application, the Planning Advisory Committee (PAC) shall review proposed solutions and may offer advisory input to the ISO as to the most cost effective and reliable solutions for the region that meet a need identified in a Needs Assessment through the Regional System Planning Process. This information will be used by the Project proponent (i.e., Transmission Owner) at a later date when developing a TCA Application.

1.4.2 The RC, or its designee, will review TCA Applications and the RC will make an advisory recommendation to the ISO as to whether there are Localized Costs associated with the Project that should not be supported as Pool-Supported PTF costs. Localized Costs will be identified by the RC based on the rules for PTF determination as defined in Attachment F of the Tariff and section 1.6.2 of this procedure.

1.4.3 The ISO will consider the RCôs advisory recommendation in making its determination of whether there are Localized Costs associated with the Project that should not be included as Pool-Supported PTF costs.

1.4.4 The Applicant of Category 4 or 5 TCA Application (as identified in Section 1.5, Table 1, of this Procedure) must provide an upda

Table 1

Category	Total Estimated or actual Portion of the Project Cost for Which Regional Rate Treatment is Sought	Documentation Detail Required (in accordance with Section 1.6.1 of this PP4) [Note: The ISO and/or RC may request additional information]	Draft TCA Application to ISO-NE for Preliminary Review	Timeline for Submission of TCA Application for Action by the RC	RC Action	ISO Action
1	Less than $5,000,000	TCA Application is not required unless it is part of a larger Project with a total project cost for which regional rate treatment is sought of greater than $5,000,000. In that				

Category	Total Estimated or actual Portion of the Project Cost for Which Regional Rate

1.6 Submittal of a completed TCA Application

Completed TCA Applications and supporting materials shall be submitted via e-mail to the ISO (as detailed in Attachment C to this Procedure) and shall be submitted per the described timelines in Section 1.5 above, the guidelines within this section and Section 2.0 below, in order to provide the RC sufficient time to review the TCA Application before the requested action date. The timelines provided in this PP4 are intended to provide guidance to the Applicant, the RC and the ISO but do not bind the RC or the ISO to take any action.

The TCA Application for a Project, or individual components as provided under Section 1.1.1 above, will be submitted to the ISO prior to the start of Major Construction. If the Applicant determines that a TCA cannot be submitted before Major Construction commences, the Applicant will provide to the RC a project and preliminary cost update within six months after that determination and thereafter at least annually. The TCA shall be submitted before the start of Major Construction for the final element of the Project.

Major Construction means that all major permits are issued, major contracts secured and either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the

A typical completed TCA Application will include the following:

(a)

the RC may elect to defer action and solicit supplementary information, review, or study as required.

Therefore, the RC may defer action, determine that no Localized Costs have

The following, non-exclusive list of examples is provided for illustration of the types of Projects that are **not likely** to contain Localized Costs.

1. The Project includes one or more underground transmission cables but the total cost of the underground transmission cable Project is lower than a feasible and practical overhead transmission line, the operating and maintenance costs are comparable, and the reliability benefits provided by the underground cable are equal to or better than those provided by the overhead line.
2. The Project has higher total cost than feasible and practical transmission alternati(d)-c3(a)nsible and

Attachment B
TCA Application Form

See Separate Document

https://www.iso-ne.com/static-assets/documents/rules_proceds/isone_plan/pp04_0/pp4_0_attachment_b.xls

Attachment C
ISO Correspondence

TCA Applications & Application Revisions:

TCA Applications and revisions to Applications shall be submitted via e-mail to:

TCApps@iso-ne.com

TCA Application Withdrawals:

TCA Application Withdrawals shall be submitted via e-mail to:

TCApps@iso-ne.com

Disputes:

Disputes shall be submitted via e-mail to:

TCApps@iso-ne.com

Attachment D
Project Cost Estimating Guidelines

See Separate Document

https://www.iso-ne.com/static-assets/documents/rules_proceds/isone_plan/pp04_0/pp4_0_attachment_d.pdf

Attachment E
Correlation Table

See Separate Document

http://www.iso-ne.com/rules_proceds/isone_plan/pp04_0/pp4_0_attachment_e.xls

Attachment F
Common Additional Information Questions

The following are some of the common questions that are asked as part of the TCA Application review. Providing answers to the following question within a completed TCA Application will aid the RC and ISO in the rendering of a Localized Cost determination.

- Explaining if there were any cost ñaddersò (elements of the Project not directly related to electrical facilities such as park land, trees, bike paths, etc) to the proposed Project that were not directly related to the electrical facilities.
- Providing a complete explanation for the choice of transmission line construction design (i.e. mono-pole vs. H-frame or underground vs. overhead).as
- Providing a cost breakdown of the per-mile cost of the transmission line (overhead or underground).
- Describe any local or state siting issues or requ0 G[W*nBT/F1 12 Tfm-4(e) mc[W*nBT/F1 12 Tfm-4(e) mc[

Attachment G

Guidance for Submission of TCA Applications

Attachment H
Guidance for Submission of TCA Applications for Projects in Flood Hazard Areas

In order to be eligible for regional cost recovery to elevate PTF equipment, a screening test must be performed in order to show that the existing sensitive PTF equipment is impacted by the current 100 year flood level as shown on the Federal Emergency Management Agency Flood Insurance Rate Map (FEMA FIRM)[19] maps without any additional adder or sea level rise adder. In addition to the FEMA FIRM maps, a site specific survey that shows that the location is impacted by flooding when the FEMA FIRM maps have not been updated to adequately keep up with current conditions may be provided to the ISO as part of the screening test. A TCA Application for a Project that addresses equipment impacted by the 100 year flood level shall be accompanied by the results of this screening test. Failure to provide the screening test may result in Localized Costs.

Regional cost recovery for projects to elevate existing PTF equipment or to add new PTF equipment impacted by the 100 year flood level shall be considered acceptable under the following conditions:

- Inland locations ï defined as areas that have no chance for ñwave actionò on the FEMA FIRM map
    - The elevation level is the higher of the 100 year flood level plus 3 feet or 500 year flood level plus 1 foot
- Coastal Locations
    - The elevation level is the higher of the 100 year flood level plus 3 feet or 500 year flood level plus 1 foot
    - Plus an additional 1 foot added for sea level rise[20]

Note: The costs to elevate PTF equipment higher than the above levels shall not be regionalized

- For existing PTF equipment that is raised, the recommendation is to allow for regional costs recovery to elevate the bottom of sensitive equipment[21] to the applicable elevation level noted above
    - Example: The control cabinet of a transformer would be at the elevation listed above while the lower end of the transformer would be below. The bottom of the transformer could be submerged in water during storm events

- For new PTF construction, the recommendation is to allow for regional costs recovery to elevate the bottom of the equipment to the applicable elevation level noted above
    - Example: The bottom of the transformer would be at the higher of the two values shown above

- For control houses, the recommendation is to allow for regional costs recovery to elevate the control house floor to the applicable elevation level noted above for new construction for both existing PTF and new PTF

[19] FEMA FIRM map address search https://msc.fema.gov/portal/search
[20] In cases where a site-specific survey initiated the work, the additional 1 foot adder for future sea level rise can only be added if the survey does not already take into account future sea level rise.
[21] Sensitive equipment shall mean any equipment that cannot be submerged in water for any amount of time.