
III.12.9 Tie Benefits. The Installed Capacity Requirement, the Local Sourcing Requirements and Maximum Capacity Limits shall be calculated assuming appropriate tie benefits, if any, available from interconnections with adjacent Control Areas with which agreements providing for emergency support are in effect between the ISO and that adjacent Control Area, including but not limited to inter-Control Area coordination agreements, emergency aid agreements and the NPCC Regional Reliability Plan.

The ISO shall calculate tie benefits, using a probabilistic multi-area reliability model. The method of calculating the tie benefits associated with the interconnections between the New England Control Area and adjacent Control Areas shall be based on the LOLE calculated before and after interconnecting the New England Control Area to the surrounding Control Areas. The tie benefits, if any, shall be quantified using firm capacity equivalents, where the addition of the firm capacity equivalents results in the LOLE of the isolated New England Control Area being equal to the LOLE of the interconnected New England Control Area.

At least once every three years, the ISO shall perform a tie benefits study and document the results and procedures for calculating the tie benefits in a published report. Results of the tie benefits study shall provide a single overall tie benefit value, reflecting the total tie benefits available from all interconnections with adjacent Control Areas, which can be used in determining the Installed Capacity Requirement. The results of the most recent tie benefits study shall be reviewed by the ISO annually; and the results shall be updated if the ISO determines that New England Control Area or external Control Area system conditions may change the results from the study.

The ISO shall calculate tie benefits using “at-criteria” assumptions for purposes of modeling the adjacent Control Areas. When calculating the Installed Capacity Requirement, the Local Sourcing Requirements and Maximum Capacity Limits for use in the annual reconfiguration

auctions, the ISO shall use the same tie benefits calculated for use in the Forward Capacity Auction conducted for the Capacity Commitment Period.

By December 31, 2010, the ISO shall review with Market Participants and, as necessary, file proposed market rule amendments reflecting a methodology for tie benefit calculations to apply to future third annual reconfiguration auctions beginning with the third annual reconfiguration auction for the 2012/2013 Capacity Commitment Period.

III.12.9.1 Individual Control Area Contributions to the Total Tie Benefits. The contribution of an external Control Area directly connected to the New England Control Area to the total amount of tie benefits, as determined in accordance with Section III.12.9, shall be determined based on the LOLE calculated before and after removing the direct interconnections between New England and the target external Control Area used to calculate the total amount of tie benefits as specified in Section III.12.9. The tie benefits from the target Control Area, if any, shall be the amount of firm capacity equivalents needed in the New England Control Area to bring the New England Control Area LOLE, without the New England interconnections with the target Control Area included in the interconnected system, equal to the New England Control Area LOLE with the interconnections with the target Control Area included in the interconnected system. If the sum of the tie benefits from the individual external Control Areas directly connected to the New England Control Area is not equal to the total amount of tie benefits as determined in accordance with Section III.12.9, then each of the Control Area's tie benefits will be adjusted based on the ratio of the individual Control Area tie benefit to the sum of the tie benefits times the total tie benefits as determined in accordance with Section III.12.9. The contributions to the tie benefits from each Control Area directly connected to the New England Control Area shall be used in the calculation of the Local Sourcing Requirements and Maximum Capacity Limits.

III.12.9.2 Tie Benefits Over the HQ Phase I/II HVDC-TF. The tie benefits from the Quebec Control Area over the HQ Phase I/II HVDC-TF calculated in accordance with Section III.12.9.1 shall be allocated to the Interconnection Rights Holders or their designees in proportion to their respective percentage shares of the HQ Phase I and the HQ Phase II facilities, in accordance with Section I of the Transmission, Markets and Services Tariff.