

***ISO New England Inc. Transmission, Markets and Services Tariff***

***ISO New England***

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Central Vermont Public Service Corporation (CVPS or the Company) is an Independent Rights Holder (IRH) of the Hydro-Quebec Phase I/II HVDC Transmission Facilities (HVDC-TF). The Company is providing open access to its portion of the HVDC-TF. This Schedule functions in conjunction with the RTO Tariff, in particular Section II and the Common Provisions of Schedule 20A, to offer Transmission Services and Ancillary Services not provided pursuant to the RTO Tariff. Consequently, the Company offers transmission service over its portion of the HVDC-TF and the rights of third parties, including Central Vermont's generation function, to transmit power on the HVDC-TF that Central Vermont has the authority to broker on behalf of such rights holders pursuant to this Schedule. The Transmission Customer shall be billed monthly in accordance with Schedule 20A and this Service Schedule. Billing determinants are the Transmission Customer's Reserved Capacity and the applicable Phase I/II HVDC-TF Service Charge as calculated pursuant to this Service Schedule.

Terms not defined in this Schedule have the meaning as defined in Section II of the RTO Tariff.

#### **SCHEDULE 20A-CV-1**

##### **Firm Point-to-Point Transmission Service Over HVDC-TF**

The Transmission Customer shall compensate the Company each month for Reserved Capacity which is transmitted over the HVDC-TF Facilities at the greater of the charges set out in (A) or (B), below, calculated over the lesser of the transaction term or one year.

- A. Embedded Cost Charge:** The sum of the applicable charges set forth below.
- 1) **Yearly delivery:** Yearly Delivery Charge as set forth in Section 5 below, divided by 12, applied monthly.
  - 2) **Monthly delivery:** Yearly Delivery Charge divided by 12.
  - 3) **Weekly delivery:** Yearly Delivery Charge divided by 52.
  - 4) **Daily delivery:** The charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge by 260; the charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

5) **Yearly Delivery Charge:**

**Subtotal 1: Adjusted cost of service:**

The sum of (i) the annual cost of the HVDC-TF on which the Company holds the right to offer transmission service and (ii) the annual cost of the HVDC-TF of rights holders other than the Company who have granted the Company the right to broker transmission service on such Facilities (“Other Rights Holders”).

**Subtotal 2: Average Total Transfer Capability:**

The average actual Total Transfer Capability (“TTC”) of the sum of (i) the HVDC-TF on which the Company holds the right to offer transmission service and (ii) the HVDC-TF of Other Rights Holders. The average TTC is calculated as the average of all actual hourly TTC values for the preceding calendar year, where the TTC data is provided as described in Attachment A of Schedule 21-CV.

	Subtotal 1
Divided By	<u>Subtotal 2</u>
	Yearly Delivery Charge for Firm Point-to-Point Transmission Service over HVDC-TF

Unit charges shall be revised as necessary to reflect additions or deletions to the Other Rights Holders. The charges also shall be modified each June 1 to reflect the costs of the HVDC-TF of the Company as shown in the Company’s most recently-filed FERC Form 1 and the costs of the HVDC-TF of the Other Rights Holders. Billing determinants are the Customer’s Reserved Capacity on the HVDC-TF.

**B. Opportunity Cost Charge:**

The opportunity cost incurred by the Company and the Other Rights Holders as a result of providing

service over the HVDC-TF, calculated pursuant to Attachment A.

## **SCHEDULE 20A-CV-2**

### **Non-Firm Point-To-Point Transmission Service Over HVDC-TF**

The Transmission Customer shall compensate the Company for Non-Firm Point-To-Point Transmission Service over the HVDC-TF at a rate that is no greater than the sum of the applicable charges set forth below. The Company will not incur opportunity costs in order to provide non-firm point-to-point service over the HVDC-TF.

- 1) **Monthly delivery:** Monthly Delivery Charge as set forth in Schedule 20A-CV-1, Section A.2.
- 2) **Weekly delivery:** Yearly Delivery Charge as set forth in Schedule 20A-CV-1, Section A.5, divided by 52.
- 3) **Daily delivery:** The maximum charge for daily delivery on Monday through Friday shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 20A-CV-1, Section A.5 by 260 and the maximum charge for daily delivery on Saturday and Sunday shall be derived by dividing the Yearly Delivery Charge by 365.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

- 4) **Hourly delivery:** The charge for hourly service during On-Peak hours shall be derived by dividing the Yearly Delivery Charge as set out in Schedule 20A-CV-1, Section A.5 by 4,160, and the charge for hourly service during Off-Peak hours shall be derived by dividing the Yearly Delivery Charge by 8,760. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

Billing determinants are the Customer's Reserved Capacity on the HVDC-TF.

**SCHEDULE 20A-CV-3**

**Network Transmission Service Over HVDC-TF**

**Monthly Charge for Local Network Service over the HVDC-TF :**

A Transmission Customer taking Local Network Service over the HVDC-TF shall pay a charge of the greater of (a) a directly assigned portion of the embedded cost of service equal to (i) the adjusted cost of service for the HVDC-TF, as determined in Schedule 5 to Schedule 21-CV, multiplied by (ii) the average of the Customer's Reserved Capacity on the HVDC-TF in the twelve months ending with the billing month, measured at the times of Central Vermont's peak loads on the HVDC-TF in those months, divided by (iii) the average of Central Vermont's monthly peak loads on the Facilities in the twelve months ended with the billing month for which Central Vermont is compensated at embedded cost rates; or (b) the opportunity costs incurred as a result of providing such service, calculated pursuant to Attachment A. The embedded cost charge set out in subsection (a) shall be forecast for the calendar year and reconciled to actual data in the same manner as stated in Attachment D-1 to Schedule 21-CV.

**ATTACHMENT A**

**Annual Opportunity Cost Charge**

The Annual Opportunity Cost Charge shall be the sum of the Opportunity Cost Charges for the 12 months preceding the annual anniversary date of the Transmission Customer's HVDC-TF service under this schedule.

The Opportunity Cost Charge shall be the sum of the (I) Capability Responsibility Charge, (II) Lost Sales Charge, (III) Lost Energy Savings Charge, and (IV) Contract Penalties incurred by the Company as a result of the transmission service provided under this schedule.

(I) Capability Responsibility Charge: As a result of the Company's participation in the HVDC-TF, the Company receives capacity credits from NEPOOL against its Capability Responsibility. In the event that the Company incurs a cost from NEPOOL for not meeting its Capability Responsibility or incurs a lost capacity sale as a result of providing Transmission Service under this Schedule, the Capability Responsibility Charge shall be one of the following, applicable:

- |         |   |      |
|---------|---|------|
| (1) IF: | the Company <u>does not incur</u> a Capability Responsibility Cost,   | THEN |
|         | the Transmission Customer's Entitlement kW multiplied by the Average Capacity Sale Price;   | OR   |
| (2) IF: | the Company <u>does incur</u> a Capability Responsibility Cost,   | AND  |
|         | the Transmission Customer's Entitlement kW was the only transaction causing the Capability Deficiency,  | THEN |
|         | the Capability Responsibility Cost, plus the difference of the Transmission Customer's Entitlement kW and the Capability Deficiency if greater than zero multiplied by the Average Capacity Sale Price; | OR   |
| (3) IF: | the Company <u>does incur</u> a Capability Responsibility Cost,   | AND  |
|         | the Transmission Customer's Entitlement kW was one of the transactions causing the Capability Deficiency,   | AND  |
|         | the Transmission Customer's Entitlement kW was not the  |      |

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First Transaction causing the Capability Deficiency THEN

the Transmission Customer's Entitlement kW, divided  
by the Capability Deficiency, multiplied by the Capability  
Responsibility Cost; OR

(4) IF: the Company does incur a Capability Deficiency Charge, AND  
the Transmission Customer's Entitlement was the First  
Transaction causing the deficiency, AND  
the Transmission Customer's Entitlement kW is less than  
the Capability Deficiency, THEN

the total Capability Deficiency is less any deficiencies caused  
by all other transactions (Customer's Contribution to the Deficiency),  
divided by the total Capability Deficiency, multiplied by the Capability  
Responsibility Cost; plus the difference between the Transmission  
Customer's Entitlement kW and the Customer's Contribution to  
the Deficiency, if greater than zero, multiplied by the Average  
Sale Price of Capacity.

(II) Lost Energy Sales Charge: Under the current NEPOOL Agreements, energy cannot be sold separately from generating capacity. A sale of transmission over the HVDC-TF reduces the Company's available generating capacity and thus its ability to make energy sales. In the event that the Company is unable to make an energy sale as a result of providing service under this schedule, then the Lost Energy Sales Charge will be one of the following:

IF: the Transmission Customer's Entitlement kW was the only  
transaction causing the Sales Shortfall, THEN

the Total Lost Sales Expense, OR

IF: the Transmission Customer's Entitlement was one of the  
transactions causing the Sales Shortfall, AND

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the Transmission Customer's Entitlement kW is less than  
the Sales Shortfall, AND

the Transmission Customer's Entitlement kW was not the First  
Transaction causing the Sales Shortfall, THEN

the Transmission Customer's Entitlement kW, multiplied by  
the Cost of the Sales Opportunity.

IF: the Transmission Customer's Entitlement kW was the First  
Transaction causing the Sales Shortfall, AND

the Transmission Customer's Entitlement kW is less than  
the Sales Shortfall, THEN

the Company's total Sales Shortfall less any Sales Shortfall  
caused by other transactions, multiplied by the Cost of the  
Sales Opportunity.

(III) Lost Energy Savings Charge: Currently the Company received energy savings as a result of importing energy through the NEPOOL Firm Energy Contract over the HVDC-TF. The Company may also receive additional savings above what is received through the NEPOOL Firm Energy Contract as a result of making an entitlement conversion. In the event that the Company's energy savings are reduced or it is unable to make an entitlement conversion due to the provision of HVDC-TF Service, the Lost Energy Savings Charge will be determined as follows:

Imputed Energy Savings \*

NEPOOL Energy Savings,\* divided by (1 - Sum of all Transmission Customer's Entitlements), plus the incremental savings above the NEPOOL Energy Savings, if any, that would have occurred in the event that the Company had not forgone an entitlement conversion as a result of providing service under this Schedule.

Lost Energy Savings \*

Transmission Customer's Entitlement, multiplied by Imputed Energy Savings.

\* In the event that the Company's NEPOOL Energy Savings is zero then the Transmission Customer will be responsible for its proportionate share of the total Energy Savings that would have been received by the Company, but for provision of service under this schedule.

(IV) Contract Penalties: In the event that the Company incurs any additional charges related to the provisions of the Energy Contract, Firm Energy Contract, Energy Banking Agreement, Interconnection Agreement, or the Use Agreement, from NEPOOL, the New England Utilities, or Hydro-Quebec, as a result of providing transmission service under this schedule, the Transmission Customer will pay its proportionate share of those costs. The total Take or Pay Costs will be allocated to the individual Transmission Customer based on the ratio of the Transmission Customer's Entitlement to the Sum of all Transmission Customer's Entitlement under this Schedule.

Formula Definitions:

Average Capacity Sale Price shall be the average price of capacity sales in the short-term market (less than one year in duration) from the prior calendar year.

Capability Deficiency shall be the Company's capability deficiency in kW as defined in NEPOOL.

Capability Responsibility shall be the Company's Installed Capability Responsibility as defined in the NEPOOL Agreement.

Capability Responsibility Cost shall be the NEPOOL Capability Responsibility Costs incurred by the Company as defined in the NEPOOL Agreement.

Cost of the Sales Opportunity shall be, stated in a cost per kW, the highest cost sale, during the billing period, not entered into as a result of the service provided under this schedule.

HVDC-TF Capability shall be the Company's Capability over the HVDC-TF Entitlement as defined by NEPOOL stated in kW.

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NEPOOL Energy Savings shall be the Company's contractual share of the actual monthly NEPOOL Hydro-Quebec Savings Fund for Phase I and Phase II.

Sales Shortfall shall be, stated in kW, any power sale, during the billing period, not entered into as a result of the service provided under this schedule.

The First Transaction will be the first transaction to cause the Opportunity Cost.

For Example:

Capability Deficiency of 20 kW

Customer 1: Reserved Service at 9:00 am for 20 kW

Customer 2: Reserved Service at 9:15 am for 10 kW

The First Transaction would be Customer 1 causing a Capability Deficiency.

Total Lost Sales Expense shall be the Sales Shortfall, multiplied by the Cost of the Sales Opportunity.

Transmission Customer's Entitlement shall be the percentage nominated by the Transmission Customer of the Company's HQ Interconnection Transfer Capability as defined the NEPOOL Agreement and the Use Agreement.

Transmission Customer's Entitlement kW shall be the Transmission Customer's Entitlement multiplied by the Company's actual HQ Interconnection Transfer Capability as defined in the NEPOOL Agreement and the Use Agreement.

**ATTACHMENT A**  
**Lost Opportunity Cost Charge**

If: (i) a Transmission Customer reserves, or procures through resale, reassignment or transfer, Phase I/II HVDC-TF Service, and (ii) uses such reservation for a UCAP Contract<sup>1</sup> or UCAP Contract equivalent and (iii) the UCAP Contract or UCAP Contract equivalent results in a loss of HQICC(s) to a Schedule 20A Service Provider, then the Transmission Customer will be charged and shall pay the higher of the Phase I/II HVDC-TF Service Charge of such Schedule 20A Service Provider or the Schedule 20A Service Provider's Lost Opportunity Cost Charge ("LOCCSSP") for such portion of Reserved Capacity attributed to the loss of HQICCs for that month.

If there is more than one Transmission Customer with a UCAP Contract or UCAP Contract equivalent served by a Schedule 20A Service Provider which results in a loss of HQICC(s) for that Schedule 20A Service Provider, for each such contract the respective Transmission Customer will be charged and shall pay the higher of its pro rata share of the Schedule 20A Service Provider's LOCCSSP or its Phase I/II HVDC-TF Service Charge for such portion of Reserved Capacity attributed to the loss of HQICCs for that month.

The LOCCSSP shall be determined on a monthly basis in accordance with the following formula:

$$\text{LOCCSSP} = \text{HQICCRSSP} * \text{CPR}$$

Where HQICCRSSP shall equal the kW reduction in the HQICCs of the Schedule 20A Service Provider for each month which is attributable to the reservation, or procurement through resale, reassignment or transfer, of Phase I/II HVDC-TF Service by a Transmission Customer(s); and

Where CPR shall equal the Capacity Payment Rates / kW-month as follows:

through May 31, 2008 <sup>1</sup>	\$3.05/kW-Month
June 1, 2008 to May 31, 2009 <sup>1</sup>	\$3.75/kW-Month
June 1, 2009 to May 31, 2010 <sup>1</sup>	\$4.10/kW-Month

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<sup>1</sup> Pursuant to the Settlement Agreement Resolving All Issues dated March 6, 2006 submitted in FERC Docket Nos. ER03-563-000, ER03-563-030 and ER03-563-055.

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Post May 31, 2010

Applicable Zonal FCM Rate

If there is more than one transmission customer with a UCAP Contract or UCAP Contract equivalent that causes a loss of HQICCs to a Schedule 20A Service Provider, each Transmission Customer's pro rata share ("LOCCTC") of the Schedule 20A Service Provider's LOCCSSP for each month shall be determined in accordance with the following formula:

$$\text{LOCCTC} = \text{LOCCSSP} * (\text{TSUCAPTC} / \text{TSUCAPSSP})$$

Where TSUCAPTC shall equal the Transmission Customer's kW amount of Phase I/II HVDC-TF Service reserved from a Schedule 20A Service Provider for each month and used in submitting a UCAP Contract(s) or UCAP Contract equivalent backed by Reserved Capacity to the ISO-NE market system; and

Where TSUCAPSSP shall equal the total kW of all Phase I/II HVDC-TF Service reserved from a Schedule 20A Service Provider for each month and used in submitting UCAP Contract(s) or UCAP Contract equivalents backed by Reserved Capacity to the ISO-NE market system.