



Guideline for Submitting Cost Information for Resources Previously Counted as Capacity

Pursuant to ISO Tariff Sections III.13.1.1.1.2 and III.13.1.1.1.3, Project Sponsors of proposals associated with resources previously counted as capacity must provide the following information in the New Capacity Qualification Package:

- *Repowering Projects*: proof that the investment in the resource prior to the conclusion of the first Capacity Commitment Period associated with the Capacity Supply Obligation for which treatment as a new resource may be applied, for the purpose of re-powering, is equal to or greater than \$200 per kilowatt *of the whole resource's summer Qualified Capacity after re-powering* [Section III. 13.1.1.1.2. (b)]
- *Environmental Upgrade Projects*: proof that the investment in the resource prior to the conclusion of the first Capacity Commitment Period associated with the Capacity Supply Obligation for which treatment as a new resource may be applied, for the purpose of compliance with environmental regulations or permits, is equal to or greater than \$100 per kilowatt *of the whole resource's summer Qualified Capacity after the investment* [Section III. 13.1.1.1.2. (c)]
- *Incremental Capacity Projects*: proof that the investment in the resource is equal to or greater than \$200 per kilowatt *of the amount of the increase in summer Qualified Capacity* resulting from the investment [Section III. 13.1.1.1.3. (b)]

This document is intended to provide guidance in the submittal of cost information in order to justify participation in the Forward Capacity Auction as New Generating Capacity.

1. Adjustments to FCM Qualification Thresholds

Pursuant to ISO Tariff Sections III.13.1.1.1.2 and III.13.1.1.1.3, the \$100 and \$200 per kilowatt cost thresholds mentioned above are adjusted annually in accordance with the most recent Handy-Whitman Index of Public Utility Construction Costs. Adjusted thresholds for the most current qualification period are available at FCM Parameters page at the following location:

https://www.iso-ne.com/static-assets/documents/2015/09/FCA_Parameters_Final_Table.xlsx

2. Investment Calculation

All costs and credits included in the total investment calculation should be reported in current year dollars.

The total investment calculation for the repowering, environmental upgrade or incremental upgrade project should include Engineering, Procurement and Construction cost (EPC cost), owner’s cost and contingency, interest during construction, and if applicable, investment tax credit and working capital. Refer to Table 1 for an illustration.

Table 1 – Illustration of a Project’s Total Investment Calculation

Project’s Investment Characteristics		
+	EPC Cost	
	Mechanical Equipment Supply and Installation ¹	\$7,200,000
	Electrical / I&C Supply and Installation ²	\$4,550,000
	Civil/Structural Material and Installation ³	\$3,550,000
+	Owner’s Costs and Contingency	
	Owner's Cost (excluding project finance) ⁴	\$1,700,000
	Project Indirect Costs, Fees and Contingency ⁵	\$2,750,000
+	Interest During Construction	\$5,000,000
-	Less Investment Tax Credit (if applicable)	\$0
+	Add Working Capital (if applicable)	\$0
+	Other Costs (if applicable)	\$0
=	Total Investment	\$24,750,000

3. FCTS Entry

- a) The investment data gathered above should be entered in the “Additional Requirements” tab of the Project Sponsor’s proposal in the Forward Capacity Tracking System (FCTS).
- b) The supply and installation cost of all major mechanical and electrical equipment components for the project should be listed first along with the description of each component’s manufacturer and model #/identifier.
- c) All other costs associated with the project’s investment should be totaled and listed as “other costs”, such that the total investment cost reported in the FCTS matches the total investment amount calculated under section 2 of this document.

An illustration of the cost breakdown to be entered in the FCTS is shown in Table 2.

¹ Includes major equipments such as boilers, scrubbers, cooling tower, steam turbine generators, PV modules, etc.

² Includes transformers, switch gear, motor control centers, switchyards, DCS and instrumentation, electrical commodities such as wire, cable tray, and lighting.

³ Includes allowance for site preparation, such as clearing, roads, drainage, underground utilities installation, structural steel supply and installation, etc.

⁴ Includes development costs, preliminary feasibility and engineering studies, environmental studies and permitting, legal fees, project management, insurance cost, infrastructure interconnection costs, owner’s contingency, and property taxes during constructions.

⁵ Includes engineering, distributable labor and materials, construction management, and start-up condition and commissioning costs

Table 2 – Illustration of an Additional Requirements Entry in FCTS

Manufacturer	Model #/Identifier	Cost \$
A1	Boiler Upgrade	3,700,000
B1	Steam Turbine Upgrade	3,500,000
D2	Autotransformer Upgrade	2,500,000
E1	Switch gear Upgrade	1,500,000
	Other Costs	\$13,550,000
Total Cost		\$24,750,000