

SCHEDULE 11

GENERATOR INTERCONNECTION RELATED UPGRADE AND ELECTIVE TRANSMISSION INTERCONNECTION RELATED UPGRADE COSTS

(1)

Classification of Generating Projects. The treatment for purposes of this OATT of the Generator Interconnection Related Upgrade costs with respect to the facilities needed for the interconnection of a particular new or modified generating unit project in accordance with Section II.47 of this OATT depends on whether the project is a Category A Project, a Category B Project or a Category C Project, as follows:

(a) A Category A Project is one whose Generator Owner committed to pay for upgrade costs on or after October 1, 1998 and prior to October 29, 1998 and has filed a petition with the Commission requesting that the costs associated with the interconnection of its generation project be determined in accordance with Schedule 11 of this OATT, as evidenced either by the filing of an executed Transmission Service Agreement or by the filing of an unexecuted Transmission Service Agreement.

(b) A Category B Project is any one whose Generator Owner committed to pay for upgrade costs on or after October 29, 1998 and prior to June 22, 1999, as evidenced either by the filing of an executed Transmission Service Agreement or by the filing of an unexecuted Transmission Service Agreement. To the extent not otherwise covered by the preceding sentence, a Category B Project includes any one (other than a Category A Project) on which the Generator Owner had expended at least \$5,000,000, including amounts due under irrevocable commitments, as of June 22, 1999. Category B Projects are those projects listed as Category A Projects in Section 1(a) of this Schedule 11, but no longer qualify as Category A Projects, that had expended at least \$5,000,000 (including amounts due under irrevocable commitments) as of June 22, 1999, as reasonably determined by the ISO, as well as the following projects:

Sithe, Mystic Station Expansion

Sithe Edgar Station Expansion, Fore River

Sithe, West Medway

PG&E, Generating Lake Road Generating

PDC, Milford Power

PDC, Meriden Power

Reliant Energy, Hope Rhode Island

IDC FPL, Bellingham

Constellation, Merrimack (Nickel Hill) Energy Project

SEI, Canal Re-powering

ANP, Bellingham
ANP, Blackstone
Cabot, Island End
Calpine, Westbrook Power
HQ, Bucksport
AES, Londonderry
ConEd, Newington
Mirant, Kendall Repowering Project

(c) A Category C Project is any project which is not a Category A Project or a Category B Project.

(5)

Treatment of Category C Project Transmission Costs. If a Generator Interconnection Related Upgrade or an Elective Transmission Upgrade Interconnection Related Upgrade (collectively, “Upgrade”) is required in order to satisfy the Capacity Capability Interconnection Standard or the Network Capability Interconnection Standard (or its predecessor standard) in connection with a Category C Project, the Generator Owner or Elective Transmission Upgrade Interconnection Customer (“ETU IC”), as applicable, shall be obligated to pay all of the cost of such Upgrade, including all Direct Interconnection Transmission Costs and any applicable tax gross-up amounts, to the extent such costs would not have been incurred but for the interconnection; provided that, if the ISO determines that a particular Upgrade provides benefits to the system as a whole as well as to particular parties, then the cost of such Upgrade shall be allocated in the same way as Reliability Transmission Upgrades. If the Upgrade consists of Interconnecting Transmission Owner’s Interconnection Facilities, Network Upgrades, or Distribution Upgrades, including a Cluster Enabling Transmission Upgrade, that were identified under Clustering and are not included in Direct Interconnection Transmission Costs, then the costs to be paid by each Generator Owner or ETU IC (that is not the ETU IC for an ETU that is taking the place of a CETU, or portion thereof, pursuant to Section 4.2.3.4 of Schedule 22, Section 1.5.3.3.3.4 of Schedule 23, or Section 4.2.3.4 of Schedule 25, Section II of the Tariff) with an Interconnection Request included in the cluster shall be the total costs of such Upgrade multiplied by the ratio of the Generator Owner or ETU IC’s respective distribution impact divided by the total distribution impact of the entire cluster based on the following distribution factor cost allocation methodology.

Distribution Factor Cost Allocation Methodology: The distribution factor is the measure of responsiveness or change in electrical loading on system facilities due to a change in electric power transfer from one part of the electric system to another, expressed in percent of the change in power transfer. The calculation of the distribution factor for each of the eligible Upgrades shall: (i) use the final CSIS Study Case for summer peak load conditions; (ii) use the pre-contingency condition (i.e., no contingencies will be modeled); and, (iii) be conducted using a transfer from the injection point associated with the respective Generator Owner or ETU IC’s facility to New England Control Area load.

The distribution impact of each Generator Owner or ETU IC with an Interconnection Request included in the cluster shall be determined by multiplying the Generator Owner or ETU IC's respective distribution factor, as calculated above, by the Summer Network Resource Capability in the case of a Generating Facility or the absolute value of the higher of the requested bidirectional capability that results in a positive distribution factor in the case of an Elective Transmission Upgrade. The total distribution impact of the entire cluster shall be the sum of all of the individual distribution impacts for the Generator Owners and ETU ICs with Interconnection Requests included in the cluster.

Where cost allocation for an Upgrade identified under Clustering cannot be determined using the distribution factor cost allocation methodology (e.g., a dynamic reactive device), each Generator Owner or ETU IC with an Interconnection Request included in the cluster shall be obligated to pay the costs of such Upgrade based upon its pro rata megawatt share of the Interconnection Requests included in the cluster study to be determined using the Summer Network Resource Capability in the case of a Generating Facility and the absolute value of the higher of the requested bidirectional capability in the case of an Elective Transmission Upgrade.

Following completion of the construction or modification, the Generator Owner or ETU IC shall be obligated to pay all (or, in the case of an Upgrade identified under Clustering, its share) of the annual costs (including federal and state income taxes, O&M and A&G expenses, annual property taxes and other related costs) which are allocable to the Upgrade but excluding annual costs associated with Distribution Upgrades, Stand Alone Network Upgrades, and Network Upgrades, pursuant to the interconnection agreement (or support agreement) with the individual PTO or its designee which is responsible for the construction or modification, and such agreement may be filed with the Commission by the PTO, either signed or unsigned, on its own or at the request of the Generator Owner or ETU IC.

A Generator Owner with a Generating Facility or ETU IC with an Elective Transmission Upgrade that achieves Commercial Operation within ten years of the In-Service Date of a Cluster Enabling Transmission Upgrade (to be referred to as a "Late Comer Project") shall reimburse the entities (i.e., Generator Owner or ETU IC) that have contributed to the costs of the Cluster Enabling Transmission Upgrade by the amount of said entities' corresponding reduction in Cluster Enabling Transmission Upgrade costs based on the comparison of the Cluster Enabling Transmission Upgrade cost allocation with and without the added Late Comer Project, if the Late Comer Project: (i) interconnects directly to the Cluster Enabling Transmission Upgrade, (ii) connects to a substation where the Cluster Enabling Transmission Upgrade terminates, or (iii) (a) is greater than five megawatt and is greater than one percent of the Cluster Enabling Transmission Upgrade normal rating, and (b) (1) has an impact on the Cluster Enabling Transmission Upgrade that is greater than five percent of the Cluster Enabling Transmission Upgrade normal rating or (2) has a distribution factor on the Cluster Enabling Transmission Upgrade that is greater than or equal to 20 percent using the distribution factor methodology described above. A Generator Owner or ETU IC that has contributed to the costs of the Cluster Enabling Transmission Upgrade shall have the payments associated with the Cluster Enabling Transmission Upgrade adjusted based on the depreciation schedule that is being used for the Cluster Enabling Transmission Upgrade.