**Stonepeak Kestrel Energy Marketing LLC**

**ISO-NE Schedule 17**

**Pre-filing Summary**

**April 17, 2023**

By Order dated March 17, 2021 in Docket No. ER21-556, the Federal Energy Regulatory Commission (“FERC”) accepted Stonepeak Kestrel Energy Marketing LLC’s (“SKEM”)[[1]](#footnote-1) rate schedule allowing SKEM to commence, beginning March 29, 2021, the recovery period for certain Interconnection Reliability Operating Limits Critical Infrastructure Protection Costs (“IROL-CIP Costs”) under Schedule 17 of the ISO New England Inc. (“ISO-NE”) Transmission, Markets and Services Tariff. Effective June 30, 2020, ISO-NE designated Canal 1, Canal 2, and Canal 3, all generators in ISO-NE (and together, the “Canal Generators” or “Canal”) as critical to the derivation of Interconnection Reliability Operating Limits (“IROL”). This means that Canal must comply with NERC CIP Reliability Standards for medium impact Bulk Electric Systems. Based on a CIP-002 audit, Canal must be medium impact compliant by the end of June 2023 as a result of the IROL determination. SKEM is the Lead Market Participant for the Canal Generators and the financial counterparty with ISO-NE for all Canal Generator ISO-NE related transactions. As such, SKEM is seeking recovery of IROL related costs on behalf of its affiliates, the Canal Generators.

At this time, SKEM provides to ISO-NE this summary description of its proposed filing pursuant to SKEM’s FERC-approved rate schedule, Schedule 17 of the ISO-NE tariff, for recovery of IROL-CIP Costs incurred during the period March 29, 2021 through March 31, 2023. This summary description includes calculations, workpapers and supporting data used to develop SKEM’s IROL-CIP Costs revenue requirement. All such costs for which SKEM is seeking reimbursement were incurred by one or more of the Canal Generators. SKEM requests ISO-NE post this material on its website.

1. Any entity that wishes to participate in an interactive briefing session required under Schedule 17 and described in Section 2.1 (B), which is scheduled for May 11, 2023 at 1 PM via Zoom, should contact via email SKEM’s counsel at Legal@JeraAmericas.com. The purpose of the interactive briefing is for SKEM to review the summary materials provided herein and to examine the IROL-CIP Costs proposed for recovery.
2. Any entity that wishes to participate as an Interested Party in this pre-filing review process described in Sections 2.1(B) and (C) of Schedule 17 should contact via email SKEM’s counsel at Legal@JeraAmericas.com to request Interested Party status by no later than May 21, 2023.

Pursuant to the Schedule 17 pre-filing review process, following the interactive briefing session described above, SKEM shall provide an additional sixty (60) days for: (i) Interested Parties to raise issues or request further information, and (ii) SKEM to provide the requested information and seek to address any issues presented by Interested Parties. SKEM shall be free to submit its Section 205 filing for recovery of IROL-CIP Costs under this Schedule 17 no sooner than the earlier of: (i) the conclusion of the 60-day period, (ii) the eleventh day following the interactive briefing session described above, if no entity contacted SKEM seeking to participate in the pre-filing review process as an Interested Party, or (iii) the date by which all Interested Parties have informed SKEM that they no longer desire additional pre-filing time to review SKEM’s IROL-CIP Cost information. SKEM will provide notice of its FERC filing to Interested Parties via email.

**SKEM’s IROL-CIP Cost Recovery Proposal**

Attachment 1 is SKEM’s IROL-CIP Costs revenue requirements model. It is provided as cost support for the requested IROL-CIP Cost recovery. As previously noted, all costs were incurred by one or more of the Canal Generators, affiliates of SKEM and who contractually rely upon SKEM to act as their Lead Market Participant when interfacing with ISO-NE. Worksheet 1 is a summary of rate base and the revenue requirement, which is $1,595,785 during the period March 29, 2021 through March 31, 2023. Rate base is comprised of capitalized IROL-CIP Costs and cash working capital. Worksheet 2 determines the return on rate base using SKEM’s (and the Canal Generator’s) parent company’s capitalization and interest costs during the March 2021 through March 2023 period and a base return on equity of 10.57%, the current base return on equity of the New England Transmission Owners used in their transmission formula rate. Worksheet 3 contains rate base items and calculates the cash working capital amount based upon 1/8 of operations and maintenance expenses, consistent with how cash working is determined in most transmission formula rates across the United States. Worksheet 4 contains depreciation expense on the capitalized IROL-CIP Costs along with operation and maintenance expenses and interest to compensate for the time value of money from the date the operation and maintenance costs were incurred to the date when these costs are expected to be recovered. Worksheet 5 contains the monthly detail of capitalization and interest expense. Worksheet 6 shows the plant in service, accumulated depreciation and depreciation expense on the capitalized IROL-CIP Costs. Worksheet 7 contains the accumulated deferred income tax calculations on the capitalized IROL-CIP Costs. Worksheet 8 provides the operation and maintenance expenses for the period March 29, 2021 through March 31, 2023, along with the interest calculation compensating for the time value of money. Worksheets 9 through 12 are the worksheets required by Schedule 17. Worksheet 9 is Schedule 17, Table 1, which contains general information, the cost recovery period (March 29, 2021 through March 31, 2023) and a summary of the IROL-CIP Costs by category. Worksheet 10 is Schedule 17, Table 2, and contains further information on each category of operation and maintenance expenses that are not assigned to a specific CIP standard. Worksheet 11 is Schedule 17, Table 3, and provides IROL-CIP operation and maintenance costs by CIP standard. Worksheet 12, Schedule 17, Table 4 contains the most granular detail of IROL-CIP Costs by CIP standard incurred to meet medium level IROL-CIP requirements.

SKEM will request from FERC recovery of the revenue requirement during the period March 29, 2021 through March 31, 2023 over a 12-month period.

1. SKEM is a power marketer that has authorization to sell wholesale energy, capacity and certain ancillary services at market-based rates. SKEM was created to market the output of the Canal Generating LLC and Canal 3 Generating LLC generating facilities.

   [↑](#footnote-ref-1)