

**ISO NEW ENGLAND PLANNING PROCEDURE NO. 4**

**PROCEDURE FOR POOL-SUPPORTED PTF COST  
REVIEW**

**EFFECTIVE DATE: September 7, 2023**

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## Planning Procedure No. 4 Procedure for Pool-Supported PTF Cost Review

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## Planning Procedure No. 4

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## Procedure for Pool-Supported PTF Cost Review<sup>1</sup>

### 1.0 General

This procedure (PP4) provides detailed guidance, pursuant to the ISO New England Transmission, Markets and Services Tariff (the Tariff), regarding the cost review of those necessary regulated transmission solution additions and modifications, reconstructions or replacements (referred to herein as Projects<sup>2</sup>) of Pool Transmission Facilities (PTF) that are eligible for regional cost support: including Regional Benefit Upgrades (RBUs);<sup>3</sup> Public Policy Transmission Upgrades;<sup>4</sup> and reconstruction/replacement of the PTF.

Under Section II.50 and Schedule 12 of Section II - Open Access Transmission Tariff (OATT) of the Tariff, ISO New England Inc. (ISO) with advisory input from the Reliability Committee (RC) will determine whether there are Localized Costs to be excluded from Pool-Supported PTF revenue requirements.

This Planning Procedure provides guidance on: what Projects are subject to cost review; what information the applicant for cost review (the Applicant) must provide to the ISO; the process for RC and ISO review of an Applicant's Project; the factors that will be considered in determining whether there are Localized Costs associated with a Project; and the periodic reporting of costs associated with a Project by the Applicant.

This Planning Procedure also provides an Applicant with guidelines for preparing a Transmission Cost Allocation (TCA) application (TCA Application) for use by the ISO and the RC. The Applicant must support the TCA Application with the necessary information and analysis of the Project. This procedure provides guidance on what information and analysis is to be supplied in support a TCA Application. The submittal of a completed TCA Application form provided in Attachment B – TCA Form (Attachment B)<sup>5</sup> to this Procedure and any supporting materials describing and assessing the impact of the proposed Project together shall constitute submittal of a TCA Application.

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<sup>1</sup> Capitalized terms used in this Procedure are intended to have the same meaning given to such terms in Section I.2.2 of the Tariff.

<sup>2</sup> For the purposes of this Planning Procedure, a Project is a plan, program, or grouping of Transmission Upgrades as they are identified in the RSP Project List or the Asset Condition Project List as a single project.

<sup>3</sup> As defined in Section I.2.2 of the Tariff, an RBU is a Transmission Upgrade that: is rated 115 kV or above; meets all of the non-voltage criteria for PTF classification specified in the OATT; and is included in the Regional System Plan as either a Reliability Transmission Upgrade or an Market Efficiency Transmission Upgrade.

<sup>4</sup> As defined in Section I.2.2 of the Tariff, a Public Policy Transmission Upgrade is an addition and/or upgrade to the New England Transmission System that meets the voltage and non-voltage criteria for Public Policy Transmission Upgrade PTF classification specified in the OATT, and has been included in the Regional System Plan and RSP Project List as a Public Policy Transmission Upgrade pursuant to the procedures described in Section 4A of Attachment K of the OATT.

<sup>5</sup> [http://www.iso-ne.com/rules\\_proceeds/isone\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_b.xls](http://www.iso-ne.com/rules_proceeds/isone_plan/pp04_0/pp4_0_attachment_b.xls)

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Approval of a TCA Application by the ISO informs an Applicant of the approved Project costs that may be included in Pool-Supported PTF revenue requirements subject to the terms and conditions in the OATT. An ISO finding of Localized Costs does not prohibit an Applicant from recovering such expenditures elsewhere in the OATT.

This Planning Procedure shall be submitted to the review of the RC, no less than every five years or at the request of the RC, to evaluate the appropriateness of the minimum threshold set out in section 1.1.2 of this Planning Procedure.

## 1.1 Projects Requiring a TCA Application

### 1.1.1. Categories of Projects requiring TCA Application

TCA Applications are required for the following types of Projects that are seeking regional cost support:

- (1) an RBU identified in the Regional System Plan or Regional System Plan Project List (including those selected as part of the Competitive Solutions Process);
- (2) one or more plans that otherwise require submittal for review under Tariff Section I.3.9 and that address the same system need as an RBU as identified in the Regional System Plan or Regional System Plan Project list;
- (3) reconstruction/replacement of PTF that does not require approval under Tariff Section I.3.9 but that has a total estimated PTF portion of the Project cost greater than or equal to \$5 Million;
- (4) a Public Policy Transmission Upgrade identified in the Regional System Plan or Regional System Plan Project List;
- (5) an Asset Condition Project<sup>6</sup> identified in the Asset Condition Project List (as further described in Attachment G)

Although the Project may be projected over any time frame to demonstrate prudent planning, action on TCA Applications will only be taken on plans

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<sup>6</sup> For more details on requirements for asset condition projects, see the Section 6.3 of the Transmission Planning Process Guide:

[https://www.iso-ne.com/static-assets/documents/2022/11/transmission\\_planning\\_process\\_guide.pdf](https://www.iso-ne.com/static-assets/documents/2022/11/transmission_planning_process_guide.pdf)

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that have begun construction or are expected to begin construction no later than five (5) years after the date of the TCA Application submittal.

Generally, an Applicant must file a single TCA Application for its Project,<sup>7</sup> as identified in the Regional System Plan or Asset Condition List. The ISO may, in the exercise of reasonable discretion, allow multiple TCA Applications for individual components of a single Project. The Applicant must discuss their intent with the ISO prior to submitting multiple applications for different components of a single Project.

A TCA Application must be submitted to recover qualified, incurred PTF expenditures on a Project identified in this Section 1.1.1. that has been cancelled by the ISO. Costs associated with such a project will be reviewed in accordance with Schedule 12C, as applicable.

#### 1.1.2. Exemptions from TCA Application Requirements

If a Project is not identified in Section 1.1.1 above, or if the total estimated PTF portion of the Project cost is less than \$5,000,000,<sup>8</sup> then the Applicant does not need to file a TCA Application unless the actual costs exceed \$5,000,000. The ISO may request that a TCA Application be submitted for Projects that are less than \$5,000,000 if the potential for significant localized costs (as described in Attachment A) exists.

#### 1.1.3. Projects not subject to this Procedure

This Review Process does not pertain to:

1. Schedule 11 of Section II of the Tariff, Category C Generator Interconnection Related Upgrades (GIRUs);
2. Elective Transmission Upgrades;
3. Local Benefit Upgrades;
4. Recovery of Localized Costs; and
5. Merchant Transmission Facilities or their interconnection.

### 1.2 Guidance for completion of TCA Application and Supporting Materials

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<sup>7</sup> Determination on a Project will only be made once all parts of the Project (no matter if it is from one Applicant or multiple) have been presented and acted upon by the RC.

<sup>8</sup> When a Project's cost is over the minimum TCA threshold, a TCA(s) must be submitted for all components that make up the Project for ISO and RC review, even if the estimated costs are less than \$5M for an individual component.

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The complexity of proposed changes to the transmission system can range from minor changes to major alterations. The intent of the PP4 process is to match information required as part of a TCA Application, to the review effort, and relative cost of the Project. Section 1.5 below provides guidance as to the level of information required in a TCA Application. The TCA Application, and any supporting documents, shall also reflect the cost information as illustrated in Appendix D – Project Cost Estimating Guidelines.<sup>9</sup> The Applicant may request further guidance or preliminary review of Project-related information from the ISO and the RC prior to submitting a formal TCA Application.

### 1.3 Special Consideration of Submitted Materials

Should any documentation be submitted that is considered confidential by the Applicant, it is the responsibility of the Applicant to describe to the ISO, by name, the documents to be considered confidential. All information marked as confidential will be controlled in accordance with the ISO New England Information Policy.

Documents submitted that contain Critical Energy Infrastructure Information (CEII) materials, as deemed by the Applicant, should be noted as such and will be posted appropriately. To the extent possible, TCA materials provided for review should be void of CEII materials.

Due to the nature of Projects that are required to comply with [NERC Reliability Standard CIP-014 - Physical Security \(CIP-014\)](#),<sup>10</sup> the Applicant shall submit to ISO un-redacted and redacted versions of the completed TCA Application and supporting materials. The un-redacted version shall be used by ISO for its review and determination. The redacted version of the Application and supporting materials<sup>11</sup> shall exclude sensitive information, including the name of the substation(s) where upgrades are occurring, as release of this information represents a severe reliability threat to the transmission system. This redacted version shall be provided by ISO to the RC for its review and action.

The redacted TCA Application will automatically be created when the Applicant inputs information in the TCA Application form, Attachment B

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<sup>9</sup> [https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/isonene\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_d.pdf](https://www.iso-ne.com/static-assets/documents/rules_proceeds/isonene_plan/pp04_0/pp4_0_attachment_d.pdf)

<sup>10</sup> The purpose of CIP-014 is “to identify and protect Transmission stations and Transmission substations, and their associated primary control centers, that if rendered inoperable or damaged as a result of a physical attack could result in instability, uncontrolled separation, or Cascading within an Interconnection.”

<sup>11</sup> The redacted version shall mask information that is considered more sensitive than that which is CEII and therefore cannot be viewed by those individuals who are approved to receive CEII materials.

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to this PP4. This functionality will provide for a consistent CIP-014 TCA Application across all Applicants.

#### 1.4 Roles of PAC, RC and ISO in TCA Application Review Process

1.4.1 In advance of the submittal of a completed TCA Application, the Planning Advisory Committee (PAC) shall review proposed solutions and may offer advisory input to the ISO as to the most cost effective and reliable solutions for the region that meet a need identified in a Needs Assessment through the Regional System Planning Process. This information will be used by the Project proponent (i.e., Transmission Owner) at a later date when developing a TCA Application.

1.4.2 The RC, or its designee, will review TCA Applications and the RC will make an advisory recommendation to the ISO as to whether there are Localized Costs associated with the Project that should not be supported as Pool-Supported PTF costs. Localized Costs will be identified by the RC based on the rules for PTF determination as defined in Attachment F of the Tariff and section 1.6.2 of this procedure.

1.4.3 The ISO will consider the RC's advisory recommendation in making its determination of whether there are Localized Costs associated with the Project that should not be included as Pool-Supported PTF costs.

1.4.4 The Applicant of Category 4 or 5 TCA Application (as identified in Section 1.5, Table 1, of this Procedure) must provide an update each year following the completed TCA submittal, until the project is complete and in-service, to the ISO and RC with regard to construction progress and costs. In addition, the Applicant may be asked by the ISO to provide a Project update to the PAC. A PAC update will utilize the forms in Attachment D of this procedure. An Applicant will not be asked to update the PAC more than three times in a calendar year regarding the status of a Project, regardless if the Project has one or several TCA's associated with it. The final cost update shall include the actual, completed cost of the Project.

#### 1.5 Evaluation

Based on the total estimated PTF portion of the cost of the Project, five (5) categories of analysis are identified in Table 1 below for supporting a particular Project (ranging from no analysis for exempt Projects to full costs analyses of transmission alternatives). The ISO and/or the RC may also, however, request that the Applicant provide additional information in support of the TCA Application. The analysis categories are summarized as follows:

**Table 1**

Category	Total Estimated or actual Portion of the Project Cost for Which Regional Rate Treatment is Sought	Documentation Detail Required (in accordance with Section 1.6.1 of this PP4) [Note: The ISO and/or RC may request additional information]	Draft TCA Application to ISO-NE for Preliminary Review	Timeline for Submission of TCA Application for Action by the RC	RC Action	ISO Action
1	Less than \$5,000,000	TCA Application is not required unless it is part of a larger Project with a total project cost for which regional rate treatment is sought of greater than \$5,000,000. In that instance it will be treated as a category 2 TCA Application.	N/A	None	None	None
2	Greater than or equal to \$5,000,000 but less than \$20 Million	<ul style="list-style-type: none"> <li>• TCA Application &amp; Cover Letter (Ref. 1.6.1.a &amp; 1.6.1.b)</li> <li>• Map and one-line diagrams (Ref. 1.6.1.d)</li> <li>• Correlation Table (Ref. 1.6.1.e)</li> </ul>	30-days prior to a RC meeting for which action is expected.	<p>The final application must be submitted to ISO no later than 15-days prior to the first RC.</p> <p>Action may be requested at the first RC meeting. Additional meetings may be needed depending on the complexity of the Project.</p>	Recommendation to the ISO	Issue Applicant Written Findings and Determination
3	Greater than or equal to \$20 Million but less than \$50 Million	<ul style="list-style-type: none"> <li>• TCA Application &amp; Cover Letter (Ref. 1.6.1.a &amp; 1.6.1.b)</li> <li>• A description of the Project, including a <u>detailed</u> discussion of alternatives considered and reasons for choosing the particular design based on the factors outlined in Schedule 12C of Section II of the Tariff. (Ref. 1.6.1.c). Requirements from section 1.6.1.c.3.ii focus on:                             <ul style="list-style-type: none"> <li>• An overall project cost estimate and categorized cost breakdown for construction labor, materials, engineering and permitting.</li> <li>• An overall cost estimate of each alternative and their cost comparison.</li> </ul> </li> <li>• Map and one-line diagrams (Ref. 1.6.1.d)</li> <li>• Correlation Table (Ref. 1.6.1.e)</li> </ul>	30-days prior to a RC meeting for which action is expected.	<p>The final application must be submitted to ISO no later than 15-days prior to the first RC.</p> <p>Action may be requested at the first RC meeting. Additional meetings may be required depending on the complexity of the Project.</p>	Recommendation to the ISO	Issue Applicant Written Findings and Determination



Category	Total Estimated or actual Portion of the Project Cost for Which Regional Rate Treatment is Sought	Documentation Detail Required (in accordance with Section 1.6.1 of this PP4) [Note: The ISO and/or RC may request additional information]	Draft TCA Application to ISO-NE for Preliminary Review	Timeline for Submission of TCA Application for Action by the RC	RC Action	ISO Action
4	Greater than or equal to \$50 Million but less than \$200 Million	<ul style="list-style-type: none"> <li>• TCA Application &amp; Cover Letter (Ref. 1.6.1.a &amp; 1.6.1.b)</li> <li>• A description of the Project, including a <u>detailed</u> discussion of alternatives considered and reasons for choosing the particular design based on the factors outlined in Schedule 12C of Section II of the Tariff. (Ref. 1.6.1.c). Requirements from section 1.6.1.c.3.ii focus on:                             <ul style="list-style-type: none"> <li>• An overall project cost estimate and a detailed description of the categorized cost estimates for construction labor, materials, engineering and permitting.</li> <li>• An overall project cost estimate of each alternative; the ISO may request a detailed description of the categorized cost estimates for construction labor, materials, engineering and permitting of each alternative.</li> </ul> </li> <li>• Map and one-line diagrams (Ref. 1.6.1.d)</li> <li>• Correlation Table (Ref. 1.6.1.e)</li> <li>• Periodic reporting to the ISO, RC and, as requested, to the PAC as described in Section 1.4.4 and Appendix D<sup>12</sup> of this procedure.</li> </ul>	90-days prior to a RC meeting for which action is expected.	<p>The final application must be submitted to ISO no later than 15-days prior to the first RC.</p> <p>Action may be requested at the second RC meeting. Additional meetings may be required depending on the complexity of the Project.</p>	Recommendation to the ISO	Issue Applicant with Written Findings and Determination
5	Greater than or equal to \$200 Million	<ul style="list-style-type: none"> <li>• TCA Application &amp; Cover Letter (Ref. 1.6.1.a &amp; 1.6.1.b)</li> <li>• A description of the Project, including a <u>detailed</u> discussion of alternatives considered and reasons for choosing the particular design based on the factors outlined in Schedule 12C of Section II of the Tariff. (Ref. 1.6.1.c). Requirements from section 1.6.1.c.3.ii focus on:                             <ul style="list-style-type: none"> <li>• An overall cost estimate and a detailed description of the categorized cost estimates for construction labor, materials, engineering and permitting.</li> </ul> </li> </ul>	90-days prior to a RC meeting for which action is expected.	<p>The final application must be submitted to ISO no later than 15-days prior to the first RC.</p> <p>Action may be requested at the second RC. Additional meetings may be required depending on the complexity of the Project.</p>	Recommendation to the ISO	Provide Applicant and RC with Draft Written Findings and Determination for a 30 day comment period.

<sup>12</sup> Appendix D, Project Cost Estimating Guidelines Document, provides detail on how the cost reporting templates are to be used. [https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/isone\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_d.pdf](https://www.iso-ne.com/static-assets/documents/rules_proceeds/isone_plan/pp04_0/pp4_0_attachment_d.pdf)

Category	Total Estimated or actual Portion of the Project Cost for Which Regional Rate Treatment is Sought	Documentation Detail Required (in accordance with Section 1.6.1 of this PP4) [Note: The ISO and/or RC may request additional information]	Draft TCA Application to ISO-NE for Preliminary Review	Timeline for Submission of TCA Application for Action by the RC	RC Action	ISO Action
		<ul style="list-style-type: none"> <li>• An overall project cost estimate of each alternative; the ISO may request a detailed description of the categorized cost estimates for construction labor, materials, engineering and permitting of each alternative.</li> <li>• Map and one-line diagrams (Ref. 1.6.1.d)</li> <li>• Correlation Table (Ref. 1.6.1.e)</li> <li>• At ISO-NE’s request, a stakeholder meeting may be held for complex Projects</li> <li>• Periodic reporting to the ISO, RC and, as requested, to the PAC as described in Section 1.4.4 and Appendix D<sup>13</sup> of this procedure.</li> </ul>				Issue Applicant Written Findings and Determination

<sup>13</sup> Appendix D, Project Cost Estimating Guidelines Document, provides detail on how the cost reporting templates are to be used. [https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/isone\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_d.pdf](https://www.iso-ne.com/static-assets/documents/rules_proceeds/isone_plan/pp04_0/pp4_0_attachment_d.pdf)

## 1.6 Submittal of a completed TCA Application

Completed TCA Applications and supporting materials shall be submitted via e-mail to the ISO (as detailed in Attachment C to this Procedure) and shall be submitted per the described timelines in Section 1.5 above, the guidelines within this section and Section 2.0 below, in order to provide the RC sufficient time to review the TCA Application before the requested action date. The timelines provided in this PP4 are intended to provide guidance to the Applicant, the RC and the ISO but do not bind the RC or the ISO to take any action.

The TCA Application for a Project, or individual components as provided under Section 1.1.1 above, will be submitted to the ISO prior to the start of Major Construction. If the Applicant determines that a TCA cannot be submitted before Major Construction commences, the Applicant will provide to the RC a project and preliminary cost update within six months after that determination and thereafter at least annually. The TCA shall be submitted before the start of Major Construction for the final element of the Project.

Major Construction means that all major permits are issued, major contracts secured and either the first placement of permanent construction of a structure on a site, such as the pouring of slab or footings, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of manufactured equipment on a foundation. Major construction does not include land preparation activities, such as clearing, grading, installation of access or any excavation nor does it include the erection of temporary structures or the installation on the property of accessory buildings, such as garages or work trailers that are not part of the main structure.

In a Force Majeure or Emergency event TCA Application(s) may be submitted after a Project is placed into service but should be submitted to the ISO no later than one year after a Project is placed into service.

### 1.6.1 Review of a completed TCA Application by ISO and the RC

An Applicant is encouraged to discuss their completed TCA Application and supporting documentation with the ISO to ensure completeness prior to submittal for review.

A completed TCA Application, and supporting documentation, shall be submitted electronically to the ISO (as detailed in Attachment C to this Procedure), who will collect, distribute, and provide a permanent record of the TCA Application.

Upon receipt and review of a TCA Application, the ISO will notify the Applicant if the submitted TCA Application is incomplete or additional information is required.

A typical completed TCA Application will include the following:

- (a) Cover Letter (including when action by the RC is requested);
  - (b) Completed TCA Application form (Attachment B); and
  - (c) Additional details and supporting documentation pertaining to:
    - 1) A review and discussion of the need for the proposed Project.
      - Note: To the extent that the needs analysis was conducted during the planning process (*i.e.*, Regional System Plan (RSP)), a summary of that analysis may be considered sufficient.
    - 2) A summary of the technical analysis performed for the Project and the identified transmission alternatives.
    - 3) A discussion of why the Project was selected over other transmission alternatives, with a description of the benefits of the proposed Project over other transmission alternatives from an operational, timing of implementation, cost and reliability perspective.
- (i) The proposed Project, and any feasible and practical transmission alternatives that were considered, including those offered in the most recent RSP report and, if applicable, discussed at the PAC.

Note: A feasible and practical transmission alternative means a transmission alternative that is feasible and practical from an engineering design and construction perspective. An alternative that is not or may not be approved by a siting or local review board may still be considered a feasible and practical transmission alternative.
  - (ii) The most currently available cost estimates<sup>14</sup> of building the Project and, if required, transmission alternatives that were considered, including overall costs and categorized as identified in Attachment D of this procedure.<sup>15</sup>;
  - (iii) A comparison of the potential operational impacts on the bulk power system during construction of the Project with any feasible and practical transmission alternatives that were considered;
  - (iv) A comparison of the potential operating costs of the Project and any feasible and practical transmission alternatives that were considered; and
  - (v) Design considerations affecting maintenance, construction and/or future expansion of the Project.

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<sup>14</sup> All dollar amounts shall be expressed in year of expenditure dollars and based on the project anticipated schedule. Escalation shall be included and be clearly identified with the assumption stated (escalation rate applied to the project). Alternatives and preferred Project shall be stated in the same valuation year.

<sup>15</sup> For each categorization of costs, year incurred shall be identified.

- (d) Before and after one-line diagrams and a map locating the facilities<sup>16</sup>.
- (e) Correlation Table which identifies the project driver, RSP or ACL Project ID, including sub-components, Proposed Plan Applications and relevant TCA Application description/costs as shown in Attachment E to this Planning Procedure
- (f) Any additional relevant information requested by the ISO or the RC.

The Applicant has an ongoing responsibility to update any TCA Application when additional information relevant to review of the TCA Application becomes available prior to RC review and issuance of the ISO's written findings and determination.

### 1.6.2 Considerations

1.6.2.1 In making its determination of whether Localized Costs exist for Projects that are not developed through the competitive transmission process pursuant to Sections 4.3 and 4A of Attachment K (except for Projects, as described in Section 1.6.2.2, that are located on a PTO's existing transmission system, where the Selected Qualified Transmission Project Sponsor is not the PTO for the existing system element(s)), the ISO, with advisory input from the RC, will consider the reasonableness of the proposed design and construction method with respect to:

- (a) Good Utility Practice;
- (b) Current engineering design and construction practices in the area in which the Project is proposed to be built/is being built;
- (c) Allowance for appropriate expansion and load growth;
- (d) Alternate feasible and practical transmission alternatives; and
- (e) The relative costs, operation, efficiency, reliability and timing of implementation of the proposed Project.

Attachment A to this Procedure provides examples of relevant considerations for determination of Localized Costs.

1.6.2.2 In making its determination of whether Localized Costs exist for a project developed through the competitive transmission solutions process pursuant to Sections 4.3 and 4A of Attachment K, the ISO with advisory input from the RC, will consider the Project described in Schedule A to the Selected Qualified Transmission Project Sponsor Agreement compared to what is submitted in the Transmission Cost Allocation application for regional rate recovery. Localized Costs for the Transmission Upgrades identified in the Project that are located on a PTO's existing transmission system, where the Selected Qualified Transmission Project Sponsor is not the PTO for the existing system element(s), will be determined in a manner

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<sup>16</sup> If these documents were already submitted to the ISO as part of a Proposed Plan Application, they do not need to be re-submitted.

consistent with the process described for the Transmission Upgrades identified in Section 1.6.2.1 above.

### 1.6.3 Additional Costs Due to Regulatory or Public Requirements

The Applicant shall identify in their TCA Application any additional proposed Pool-Supported PTF costs introduced as a result of local or state regulatory and/or legislative requirements. The ISO will then determine, with the advice of the RC, whether these incremental costs resulting from the requirements of any local or state regulatory and/or legislative requirements will be identified as Localized Costs.

If the Applicant has received an advisory vote from the RC on a TCA Application, and has not begun or completed the siting process, the Applicant is required to provide periodic updates to both the RC and the ISO on those proceedings and a presentation on the final design of the Project. If, after siting is complete, there is a major design change and/or changes to the Project that could result in Localized Costs, the Applicant shall report the design change to both the RC and the ISO and discuss with the ISO whether the change requires that the Applicant submit an amended TCA Application.

## 1.7 Time Guidelines

Applicants are urged to supply the completed TCA Application and supporting data, with adequate lead times for anticipated review by the RC and ISO as described in Sections 1.5 and 1.6 above. Failure to follow these timeframes may result in a delay of review of the TCA Application.

## 1.8 Actions on a TCA Application

### 1.8.1 RC Review and Action

At the request of the Applicant, the ISO will forward a submitted TCA and supporting materials to the RC for its review and action. The ISO shall also include a draft motion for the RC to consider when taking action on any advisory input related to the determination of whether any costs associated with such upgrade are Localized Costs

On each submitted TCA Application, the RC will provide a recommendation and act upon a motion describing the identification and conditions of treatment of Localized costs, if any, associated with the Project.

If in reviewing the TCA Application, the RC decides additional information, review, or study is required prior to acting on the Application,

the RC may elect to defer action and solicit supplementary information, review, or study as required.

Therefore, the RC may defer action, determine that no Localized Costs have been identified by the RC and recommend approval of the TCA Application by the ISO, or recommend a determination of Localized Costs by the ISO.

If the Applicant seeks advisory input by the Participants Committee, it may request TCA Application review by the Participants Committee after the RC meeting but before the fifth (5<sup>th</sup>) business day following a meeting of the RC. The request for Participants Committee review and advisory input shall be submitted in writing by the Applicant to the Secretary of the RC with a copy sent to the ISO (as detailed in Attachment C).

#### 1.8.1 ISO Review and Determination

The ISO will consider the recommendations of the RC, and the Participants Committee as appropriate, in the process of making a determination on each TCA Application. The ISO may also seek additional information from the Applicant before or after RC or Participants Committee action but prior to making its decision. The ISO will transmit, in a timely manner, its written findings, the basis for its decision, and its determination as to whether the submitted TCA Application contains any associated Localized Costs to the Applicant (with copy to the RC).

For a Category 5 TCA Application (as shown in Table 1) the ISO will issue a draft determination letter that will be posted on the ISO's website<sup>17</sup> for a 30 day comment period. During the comment period the Applicant or any interested Stakeholder may send written comments to the ISO regarding the ISO's determination decision. After the comment period has ended the comments will be reviewed and the ISO will issue a final determination on the TCA Application.

If the Applicant disagrees with the ISO's written findings and determination, the dispute resolution procedures outlined in Section 1.11 below shall be followed.

### 1.9 Withdrawal of a TCA Application

Should an Applicant wish to withdraw or terminate its TCA Application, (either before or after determination action has been taken by the ISO) it shall send a letter to that effect to the ISO (as detailed in Attachment C). The ISO will distribute the notice of withdrawal to the RC.

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<sup>17</sup> <https://www.iso-ne.com/system-planning/transmission-planning/transmission-cost-allocation/>

- Where a Proposed Plan Application was not required, but a TCA Application was submitted, the ISO issued a written findings and determination and the Project was cancelled, the TCA Applicant must provide written notification to ISO within 60-days of such cancellation, requesting withdrawal of the approved TCA Application.
- Where a Proposed Plan Application was required, and a TCA Application was submitted, the ISO issued a written findings and determination and the Project was cancelled, the TCA Application will automatically be withdrawn upon notification of withdrawal of the Proposed Plan Application.
- If a Project is canceled by the ISO, and regardless of whether a Proposed Plan Application was required, an Applicant must submit a TCA Application for costs that were incurred prior to cancellation of the Project if the Applicant seeks to recover those costs through the RNS rate.

#### 1.10 Reviews and Update of Approved TCA Applications

The RC and the ISO will review an updated TCA Application for the proposed Project, as described below.

The Applicant is responsible to inform the ISO of any significant additional Pool-Supported PTF costs or any material changes in the design associated with a proposed Project made subsequent to approval of the TCA Application. Such information shall be delivered to the ISO by submitting a revised TCA Application, including the reasons for resubmission in accordance with the template of Attachment D. Specifically, an Applicant, which has already received approval of its original TCA Application, must notify both the RC and the ISO if either: (i) costs have exceeded or are anticipated to exceed 10% of the amount determined by the ISO to be included in Pool-Supported PTF costs; (ii) costs have decreased or are anticipated to decrease by 10% of the amount determined by the ISO to be included in Pool-Supported PTF costs; or (iii) there is a material change in design of the Project. In the case that Pool-Supported PTF costs have decreased by 10% or more, a revised TCA application does not need to be filed but information must be provided to the ISO and RC, in a timely manner, using the templates in Attachment D which identify and explain cost variance to the original TCA estimate. If an Applicant fails to notify the ISO of any of these developments, and it is discovered, such as during an audit, then the costs associated with such development will be excluded from the Pool-Supported PTF until the process described in this Procedure has been followed and the ISO accepts the costs following appropriate



review by the RC and the ISO. In such instance, the costs shall be recovered only prospectively pursuant to the Tariff.

#### 1.11 Dispute Resolution

Should the Applicant disagree with the ISO's written findings and determination as described in Section 1.8 above, a dispute may be filed.

As stated in Section 3 of Schedule 12C to the OATT, disputes shall be submitted in a formal written notice to the ISO (as detailed in Attachment C). Such notice shall describe in detail the basis for challenging the ISO's written findings and determination, and must be submitted within 60 days of receipt of the ISO's written findings and determination. The Applicant and the ISO will then enter into good faith negotiations for a period not to exceed 60 days from the date of the Applicant's written notice to try to resolve the dispute. If there is no resolution of the dispute at the end of the negotiation period, the Applicant may file a Section 206 complaint with the Commission.

The ISO shall notify the RC of the outcome of the dispute resolution process.

#### 2.0 TCA Application Forms

##### 2.1. Completed TCA Application Content

A completed form of TCA Application in Attachment B must be submitted with each TCA Application as outlined in Section 1.6 above. Any included supporting documentation should supplement the TCA Application.

##### 2.2 TCA Application Identification

Application Number (Company – Calendar Year (2 digits) – TCA– Unique ID (Sequential TCA Application #'s) – Rev #

e.g. CMP-04-TCA-01  
CMP-04-TCA-02  
CMP-04-TCA-01-Rev 1

#### 3.0 Attachment C – ISO Correspondence

The ISO may, per this Procedure, update Attachment C in regard to the mechanisms for exchange of correspondence, without RC approval. The ISO will notify the RC when such a change has been made.

**Document History**<sup>18</sup>

Rev. 0 App.: 4/17/98  
Rev. 1 Rec.: RC – 5/19/04; Eff.: PC – 6/11/04  
Rev. 2 Eff: 2/1/05  
Rev. 3 Rec.: RC – 12/6/06; Eff.: PC – 1/5/07  
Rev. 4 Rec.: RC – 7/21/09; PC – 8/7/09; ISO-NE 8/7/09  
Rev. 5 Rec.: RC- 8/17/2010; PC – 9/17/2010; ISO-NE 9/17/2010  
Rev. 6 REC: RC – 8/11/2014; PC - 9/12/2014; ISO-NE 9/12/2014  
Rev. 7 REC: RC – 4/19/2016; PC - 5/6/2016; ISO-NE 5/6/2016  
Rev. 8 REC: RC – 6/20/2017; PC - 6/27/2017; ISO-NE 7/7/2017 – revised for CIP-14 additions  
Rev. 9 REC: RC – 8/24/2017; PC - 9/15/2017 (60.1%); ISO-NE 9/28/2017 – revised Attachment A  
Rev. 10 REC: RC – 5/15/2018; PC - 6/1/2018; ISO-NE 6/12/2018 – addition of Attachment G  
Rev. 11 REC: RC – 11/14/2018; PC -12/7/2018; ISO-NE 12/20/2018 – addition of Attachment H  
Rev. 12 REC: RC – 12/18/2019; PC -2/6/2020; ISO-NE 2/6/2020– Localized Costs Definition change additions  
Rev. 13 REC: RC – 1/20/2021; PC -2/4/2021; ISO-NE 2/4/2021– Updates to Section 1.6 as required by Docket No. EL16-19-000  
Rev. 14 REC: RC – 8/15/2023; PC – 9/7/2023; ISO-NE - 9/7/2023 –updated Attachments G and H. General cleanup of PP4, Attachment D and other supporting documents.

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<sup>18</sup> This Document History documents action taken on the equivalent NEPOOL/ISO New England Procedure prior to the RTO Operations Date as well as revisions to the ISO New England Procedure subsequent to the RTO Operations Date.

**Attachment A**  
**Supplemental Guidelines for Pool-Supported PTF Cost Review**

In determining whether there are Localized Costs, the ISO will consider as appropriate and with the advisory input of the RC, the following non-exclusive list of factors:

1. Costs of construction including all costs associated with rights of way, easements and associated real estate.
2. Assessment of the schedule or in-service date of the Project from an engineering and construction standpoint rather than from the standpoint of potential delays in local or state siting.
3. Relative reliability and operational impacts of the Project as compared to alternatives considered.
4. Costs associated with operation and maintenance of the proposed design and alternatives, including consideration of whether the proposed design is consistent with Good Utility Practice.
5. Costs of related and long-term congestion impacts, if any, of each proposed PTF and Non-PTF design alternative, including costs related to outages associated with construction.
6. The proposed design's fit into reasonable future expansion plans, including the Regional System Plan.
7. Consistency with current engineering, design and construction practices in the area.

The following, non-exclusive list of examples is provided for illustration of the types of Projects that **would be** considered to contain Localized Costs:

1. The Project costs more than a feasible or practical transmission alternative and has equal or less robust bulk power system performance than the transmission alternative.
2. A Reliability Transmission Upgrade (excluding Asset Condition and reconstruction/ replacement Projects) that does not address a need identified in a Needs Assessment through the Regional System Planning Process.
3. The Project includes one or more underground transmission cables, which is selected (a) at the direction of a local or state siting board or (b) to address other local concerns, and the cost of overhead transmission lines is less expensive, taking into account all relevant costs.
4. The Project is a gas-insulated or covered substation when an open-air substation would be feasible and practical for lower cost.
5. Installation of one or more Independent Pole Tripping breakers at a substation operating at less than 345 kV without a stability need.
6. The Project includes spare equipment or spare conduits.
7. Costs associated with local or state siting board initiated visual mitigation that go beyond Good Utility Practice.
8. The Project includes construction in a flood hazard area that exceeds the Attachment H recommendation to this planning procedure.

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The following, non-exclusive list of examples is provided for illustration of the types of Projects that are **not likely** to contain Localized Costs.

1. The Project includes one or more underground transmission cables but the total cost of the underground transmission cable Project is lower than a feasible and practical overhead transmission line, the operating and maintenance costs are comparable, and the reliability benefits provided by the underground cable are equal to or better than those provided by the overhead line.
2. The Project has higher total cost than feasible and practical transmission alternatives, but provides for more robust bulk power system performance consistent with the Regional System Plan planning horizon and predicted load growth when compared to such transmission alternatives.
3. Installation of one or more Independent Pole Tripping breakers at a substation operating at less than 345 kV where the effects of a three-phase breaker failure contingency shows unacceptable inter-area impact.
4. Installation of one or more Independent Pole Tripping breakers at a 345 kV substation.
5. When the failure of a breaker violates planning criteria or produces unacceptable operational consequences that are solved by the installation of a series breaker, the series breaker cost will be deemed acceptable.

**Attachment B**  
**TCA Application Form**

**See Separate Document**

[https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/isone\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_b.xls](https://www.iso-ne.com/static-assets/documents/rules_proceeds/isone_plan/pp04_0/pp4_0_attachment_b.xls)

**Attachment C**  
**ISO Correspondence**

**TCA Applications & Application Revisions:**

TCA Applications and revisions to Applications shall be submitted via e-mail to:

[TCApps@iso-ne.com](mailto:TCApps@iso-ne.com)

**TCA Application Withdrawals:**

TCA Application Withdrawals shall be submitted via e-mail to:

[TCApps@iso-ne.com](mailto:TCApps@iso-ne.com)

**Disputes:**

Disputes shall be submitted via e-mail to:

[TCApps@iso-ne.com](mailto:TCApps@iso-ne.com)

**Attachment D**  
**Project Cost Estimating Guidelines**

**See Separate Document**

[https://www.iso-ne.com/static-assets/documents/rules\\_proceeds/isone\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_d.pdf](https://www.iso-ne.com/static-assets/documents/rules_proceeds/isone_plan/pp04_0/pp4_0_attachment_d.pdf)

**Attachment E**  
**Correlation Table**

**See Separate Document**

[http://www.iso-ne.com/rules\\_proceeds/ison\\_e\\_plan/pp04\\_0/pp4\\_0\\_attachment\\_e.xls](http://www.iso-ne.com/rules_proceeds/ison_e_plan/pp04_0/pp4_0_attachment_e.xls)



**Attachment F**  
**Common Additional Information Questions**

The following are some of the common questions that are asked as part of the TCA Application review. Providing answers to the following question within a completed TCA Application will aid the RC and ISO in the rendering of a Localized Cost determination.

- Explaining if there were any cost “adders” (elements of the Project not directly related to electrical facilities such as park land, trees, bike paths, etc) to the proposed Project that were not directly related to the electrical facilities.
- Providing a complete explanation for the choice of transmission line construction design (i.e. mono-pole vs. H-frame or underground vs. overhead).as
- Providing a cost breakdown of the per-mile cost of the transmission line (overhead or underground).
- Describe any local or state siting issues or requirements.
- Describe any construction and/or design challenges that were encountered or are anticipated to be encountered for the proposed project.
- Describing any differences between the proposed Project as described in the TCA Application and what is described in the most recent RSP.

**Attachment G****Guidance for Submission of TCA Applications for Asset Condition Projects**

In support of Section 1.1.1(5) of PP4, this guideline shall be utilized by asset owners for the purpose of determining when (i) a Transmission Cost Allocation application submittal is required and (ii) a supporting PAC presentation is required for Asset Condition Projects, which are projects identified in the Asset Condition Project List that have estimated or actual PTF costs that are greater than or equal to \$5M for a specific need. The entire process can be seen in the flowchart below.

**Asset Condition Project Categories and examples:****1. For the purpose of this Attachment G, Asset Condition Projects may be categorized as follows:**

- A substation project is defined as “work done inside the fence” with an expected PTF cost greater than or equal to \$5M for a specified need over the course of a 5 year period or less.
- A line project is defined as work being done on each line with an expected PTF cost of greater than or equal to \$5M for a specified need over the course of a 5 year period or less.

**2. Asset Condition Projects with an actual PTF cost of greater than or equal to \$5M for a specified need over the course of a 5 year period, or less, for a specified need:** Even if the estimated PTF costs for an Asset Condition Project were less than \$5M for a specified need, if the actual PTF expenditures are greater than or equal to \$5M over the course of the 5 year, or less, period, then the asset owner is required to submit a TCA Application and make a presentation at the PAC.**3. Example - Line work required in addition to that within the original Asset Condition project scope:** If the asset owner determines that the scope of Project A is to replace 50 structures on a single line with an expected PTF cost of \$8M, then they are required to submit a TCA Application for review and present at the PAC. The project scope calls for a construction schedule for Project A to have an expected start in year X and be completed in year X+2. As construction for Project A is ongoing, the asset owner identifies 20 additional structures as being in need of replacement in years X+4 and X+5. The 20 additional structures are not considered part of the original scope Project A, therefore the 20 additional structures will be replaced under Project B. If Project B has an expected PTF cost of \$5M or greater, then a TCA Application submittal and PAC presentation will be required. If the expected PTF cost of Project B is less than \$5M, then no TCA Application submittal or PAC presentation is required.**4. Example - Substation work required in addition to that within the original Asset Condition project scope:** In the case of Asset Condition project located at

several substations where relays are being replaced with the following projected PTF costs:

<b>Station</b>	<b>PTF Component of Project</b>
1	\$3M
2	\$7.5M
3	\$12.7M
4	\$4.5M
5	\$5.1M

A TCA Application submittal and PAC presentation is required for the work at Stations 2, 3 and 5.

Unless the actual expenditures are greater than or equal to \$5M, a TCA Application submittal and PAC presentation are not required for the work at Stations 1 and 4.

**Attachment H****Guidance for Submission of TCA Applications for Projects in Flood Hazard Areas**

In order to be eligible for regional cost recovery to elevate PTF equipment, a screening test must be performed in order to show that the existing sensitive PTF equipment is impacted by the current 100 year flood level as shown on the Federal Emergency Management Agency Flood Insurance Rate Map (FEMA FIRM)<sup>19</sup> maps without any additional adder or sea level rise adder. In addition to the FEMA FIRM maps, a site specific survey that shows that the location is impacted by flooding when the FEMA FIRM maps have not been updated to adequately keep up with current conditions may be provided to the ISO as part of the screening test. A TCA Application for a Project that addresses equipment impacted by the 100 year flood level shall be accompanied by the results of this screening test. Failure to provide the screening test may result in Localized Costs.

Regional cost recovery for projects to elevate existing PTF equipment or to add new PTF equipment impacted by the 100 year flood level shall be considered acceptable under the following conditions:

- Inland locations – defined as areas that have no chance for “wave action” on the FEMA FIRM map
  - The elevation level is the higher of the 100 year flood level plus 3 feet or 500 year flood level plus 1 foot
- Coastal Locations
  - The elevation level is the higher of the 100 year flood level plus 3 feet or 500 year flood level plus 1 foot
  - Plus an additional 1 foot added for sea level rise<sup>20</sup>

*Note: The costs to elevate PTF equipment higher than the above levels shall not be regionalized*

- For existing PTF equipment that is raised, the recommendation is to allow for regional costs recovery to elevate the bottom of sensitive equipment<sup>21</sup> to the applicable elevation level noted above
  - Example: The control cabinet of a transformer would be at the elevation listed above while the lower end of the transformer would be below. The bottom of the transformer could be submerged in water during storm events
- For new PTF construction, the recommendation is to allow for regional costs recovery to elevate the bottom of the equipment to the applicable elevation level noted above
  - Example: The bottom of the transformer would be at the higher of the two values shown above
- For control houses, the recommendation is to allow for regional costs recovery to elevate the control house floor to the applicable elevation level noted above for new construction for both existing PTF and new PTF

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<sup>19</sup> FEMA FIRM map address search <https://msc.fema.gov/portal/search>

<sup>20</sup> In cases where a site-specific survey initiated the work, the additional 1 foot adder for future sea level rise can only be added if the survey does not already take into account future sea level rise.

<sup>21</sup> Sensitive equipment shall mean any equipment that cannot be submerged in water for any amount of time.

*Note: The construction of a flood wall or similar in lieu of elevating equipment would be considered eligible for cost recovery if the 100 year screening test is met and the cost is equal to or less than elevating the equipment.*