



October 17, 2024

**BY ELECTRONIC FILING**

The Honorable Debbie-Anne Reese, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: ISO New England Inc., Filing of Revised Tariff Sheet for Recovery of Costs  
for the 2025 Operation of the New England States Committee on Electricity;  
Docket No. ER25-**

Dear Secretary Reese:

ISO New England Inc. (the “ISO” or “ISO-NE”) hereby submits, pursuant to Section 205 of the Federal Power Act (“FPA”) and Part 35 of the Rules and Regulations of the Federal Energy Regulatory Commission (the “Commission”), for Commission approval a revised tariff sheet (the “Revised Sheet”) from Schedule 5 to Section IV.A of the ISO’s Transmission, Markets, and Services Tariff (“ISO Tariff”)<sup>1</sup> for the purpose of recovering funding for the operation of the New England States Committee on Electricity (“NESCOE”) for calendar year 2025. NESCOE joins this filing.

This filing letter explains the proposed 2025 budget for NESCOE and requests a rate of \$0.00716 per kW of Monthly Network Load to fund that budget for 2025. The ISO asks the Commission to accept the Revised Sheet as filed, effective January 1, 2025. The ISO believes that the attached annual budget and explanation of NESCOE’s budget process establish that this filing is just and reasonable.

**I. DESCRIPTION OF THE FILING PARTIES; COMMUNICATIONS**

The ISO is the private, non-profit entity that serves as the regional transmission organization (“RTO”) for New England. The ISO operates the New England bulk power system and administers New England’s organized wholesale electricity market pursuant to the ISO Tariff and the Transmission Operating Agreement with the New England Participating Transmission Owners. In its capacity as an RTO, the ISO has the responsibility to protect the short-term reliability of the New England Control Area and to operate the system according to

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<sup>1</sup> Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO Tariff.

reliability standards established by the Northeast Power Coordinating Council and the North American Electric Reliability Council.

NESCOE is the Regional State Committee for the New England states. NESCOE's mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest possible price over the long term, consistent with maintaining reliable service and environmental quality.<sup>2</sup> Schedule 5 of the ISO Tariff is used to recover NESCOE's operating budget.

All correspondence and communications in this proceeding should be addressed to the undersigned for the ISO as follows:

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## II. STANDARD OF REVIEW

The ISO submits these changes to its filed rate schedule pursuant to Section 205 of the FPA, which “gives a utility the right to file rates and terms for services rendered with its assets.”<sup>3</sup> Under Section 205, the Commission “plays ‘an essentially passive and reactive’ role”<sup>4</sup> whereby

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<sup>2</sup> See Sept. 8, 2006 NESCOE Term Sheet (the “Term Sheet”) that was filed for information as Exhibit A to the Memorandum of Understanding among ISO-NE, New England Power Pool (“NEPOOL”), and NESCOE (the “NESCOE MOU”). See Informational Filing of the New England States Committee on Electricity, Docket No. ER07-1324-000 (filed Nov. 21, 2007). Pursuant to the NESCOE MOU, the Term Sheet is the binding obligation of ISO-NE, NEPOOL and NESCOE.

<sup>3</sup> *Atlantic City Elec. Co. v. FERC*, 295 F.3d 1, 9 (D.C. Cir. 2002).

<sup>4</sup> *Id.* at 10 (quoting *City of Winnfield v. FERC*, 744 F.2d 871,876 (D.C. Cir. 1984)).

it “can reject [a filing] only if it finds that the changes proposed by the public utility are not ‘just and reasonable.’”<sup>5</sup> The Commission limits this inquiry “into whether the rates proposed by a utility are reasonable - and [this inquiry does not] extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs.”<sup>6</sup> As a result, even if an intervenor or the Commission develops an alternative proposal, the Commission must accept the ISO’s Section 205 filing if it is just and reasonable.<sup>7</sup>

### III. PROPOSED 2025 BUDGET

Exhibit 4 is NESCOE’s proposed budget for fiscal year 2025. The total budget is \$2,707,893. It includes: salary and benefits for staff members in the amount of \$1,530,524; \$727,634, for consulting services for economic, engineering and financial analysis, along with legal services; operational expenses, such as office, professional services, travel and the like, in the amount of \$193,563; and capital expenditures of \$10,000. The budget also includes a contingency of \$246,172, or about 9% of the total.

The 2025 budget is within the parameters of the five-year budget for the period 2023 - 2027 submitted to the Commission as Attachment A of the September 6, 2022 filing by NESCOE in Docket No. ER22-2812-000. As set forth in the Term Sheet that is Exhibit A to the NESCOE MOU,<sup>8</sup> annual review of NESCOE’s budget by the NEPOOL Participants Committee “will be limited to considerations of accounting and reconciliation, so long as spending remains within the boundaries established by [the] budget frameworks.” The NEPOOL Participants Committee unanimously supported the 2025 budget at its meeting on October 10, 2024 (with one abstention noted).

Pursuant to Section IV.A.2.2(2) of the ISO Tariff, the 2025 budget includes a true-up for actual costs and collections in 2023 reflecting a cumulative credit (over-collection) of approximately \$1,115,346. After true-up, NESCOE is seeking to collect \$1,592,547 for 2025 through a per kW/month charge of \$0.00716, as reflected in the attached Revised Sheet.<sup>9</sup> The development of the 2025 NESCOE budget is described in further detail in the testimony of the Honorable Philip L. Bartlett II, Chairman of the Maine Public Utilities Commission and a member of NESCOE’s Board of Directors. The testimony is located at Exhibit 3.

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<sup>5</sup> *Id.*

<sup>6</sup> *City of Bethany v. FERC*, 272 F.2d 1131,1136 (D.C. Cir. 1984).

<sup>7</sup> *Cf. Southern California Edison Co., et al.*, 73 FERC ¶ 61,219 at 61,208 n. 73 (1995) (“Having found the Plan to be just and reasonable, there is no need to consider in any detail the alternative plans proposed by the Joint Protesters” (citing *City of Bethany*, 727 F.2d at 1136)).

<sup>8</sup> Term Sheet at p. 6.

<sup>9</sup> During the stakeholder review process, the Schedule 5 rate was initially estimated at \$0.00741, pending finalization of the 2025 Network Load factor. The updated rate of \$0.00716, provided by the ISO following finalization of the 2025 Network Load factor, was identified prior to the Participants Committee’s October 10, 2024 vote. The 2025 Schedule 5 rate is calculated as: \$1,592,547 (revenue requirement) ÷ 222,552,617 (2025 Network Load) = \$0.00716.

#### **IV. EFFECTIVE DATE**

The rate is requested to become effective on **January 1, 2025**.

#### **V. ADDITIONAL SUPPORTING INFORMATION**

The ISO submits the following additional information pursuant to Sections 205 of the FPA and 35.13 of the Code of Federal Regulations:

35.13(b)(1) – The documents submitted with this filing include:

- this transmittal letter;
- a clean copy of Section IV.A of the ISO Tariff reflecting the proposed changes (Exhibit 1);
- blackline copy of Section IV.A of the ISO Tariff reflecting the proposed changes (Exhibit 2);
- testimony of the Honorable Philip L. Bartlett II, Chairman of Maine's Public Utilities Commission and a member of NESCOE's Board of Directors (Exhibit 3);
- proposed 2025 NESCOE operating budget (Exhibit 4); and
- List of the governors and electric utility regulatory agencies for the six New England states to which the ISO has sent electronic copies of this filing (Exhibit 5).

35.13(b)(2) – As set forth above, the ISO requests that the proposed changes become effective January 1, 2025.

35.13(b)(3) – Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants will be served electronically. The names and addresses of the Governance Participants are posted on the ISO's website at <http://www.iso-ne.com/participate/participant-asset-listings/directory>. A copy of this transmittal letter and the accompanying materials have also been e-mailed to the governors and electric utility regulatory agencies for the six New England states and to the New England Conference of Public Utilities Commissioners and the New England States Committee on Electricity. The names and e-mail addresses of these governors and regulatory agencies are shown in Exhibit 5. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified on Exhibit 5 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) – A description of the materials submitted pursuant to this filing is contained in this transmittal letter.

35.13(b)(5) – A statement of the reasons for this filing is discussed in this transmittal letter.

35.13(b)(6) – The ISO has the sole authority to make this filing.

35.13(b)(7) – The ISO has no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

## **VI. CONCLUSION**

The ISO and NESCOE request that the Commission approve NESCOE's proposed budget and the ISO Tariff change in Section IV.A Schedule 5 to fund NESCOE operations as submitted and without modification.

Respectfully Submitted,

/s/Jennifer M. Recht

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ISO New England Inc.

/s/ Heather Hunt

Heather Hunt  
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Enclosures

# **EXHIBIT 1**

**SECTION IV.A**  
**RECOVERY OF ISO ADMINISTRATIVE EXPENSES**

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#### **IV.A.1 Definitions:**

Whenever used in this Section IV.A, in either the singular or plural number, capitalized terms shall have the meanings specified in Section I.

#### **IV.A.2 Purpose of Section IV.A; Adjustments to Rates**

##### **IV.A.2.1 Purpose of Section IV.A**

Section IV.A of the Tariff is the means by which the ISO collects the revenues necessary to carry out its administrative functions in each calendar year, and contains rates, charges, terms and conditions for the following Services, which together encompass the functions carried out by the ISO:

- (1) Scheduling, System Control and Dispatch Service (Schedule 1 hereto);
- (2) Energy Administration Service (Schedule 2 hereto); and
- (3) Reliability Administration Service (Schedule 3 hereto).

The rates and charges for each Service during a calendar year are based on the allocated portion of that year's Revenue Requirement. "Revenue Requirement" refers to the budgeted total expense for the year as adjusted by true-ups described herein.

##### **IV.A.2.2 True-Ups**

###### **(1) Schedule 2 True-Up**

- (i) Each year (Year X), in determining the ISO's Revenue Requirement for the subsequent year (Year X+1), the ISO will make a true-up of the Schedule 2 portion of the Revenue Requirement for the prior year (Year X-1). Any difference between the actual Year X-1 Schedule 2 revenues and amounts budgeted for Schedule 2 revenues in the Year X-1 Revenue Requirement will be reflected in the projected Schedule 2 rates for Year X+1 as stated in paragraph (ii) below.
- (ii) In implementing the true-up adjustment for revenue differences in the volumetric portion of Schedule 2, the differences will be added to (in the case of a revenue shortfall) or subtracted from (in the case of a revenue over-recovery) the ISO's total estimated budgeted amounts for

Schedule 2 for Year X+1. For revenue over-recoveries attributable to the TUs in Schedule 2, the ISO will treat them in the same manner as revenue adjustments for the volumetric portion of Schedule 2. For revenue shortfalls attributable to the TUs in Schedule 2, the ISO will allocate them according to the following method:

- (a) 50% of the shortfall will be added to the ISO's projected Revenue Requirement for the Schedule 2 volumetric component (85% of the projected Schedule 2 Revenue Requirement prior to true-ups).
  - (b) An additional percentage of the shortfall will be added to the ISO's projected Revenue Requirement for the Schedule 2 volumetric component for each percentage decrease which was deemed to have occurred between the number of TUs used in the true-up and the number of TUs that the ISO had used in the original projection of the rates for that year.
  - (c) The maximum percentage of the shortfall to be added to the Schedule 2 volumetric component is 100%, which would result if the percentage difference between the actual and forecasted TUs were 50% or greater.
  - (d) Any remaining shortfall revenues after allocation of the shortfall to the Schedule 2 volumetric component will be added to the ISO's projected Revenue Requirement for the Schedule 2 TU component (15% of the projected Schedule 2 Revenue Requirements prior to true-ups).
- (iii) True-Ups Collected in Future Rates. To the extent the ISO proposes to change its rate design for Section IV.A, the ISO will continue to implement the true-up procedures stated in this section to recover under- or over-collections of TUs for then-current and prior years. For example, when, on a going-forward basis effective January 1, 2012, the ISO eliminated the inclusion of an estimated true-up for the current year (Year X) in the Revenue Requirement for the subsequent year (Year X+1), the ISO was still required to include in the Revenue Requirement for 2013 the difference between the estimated 2011 true-up filed with the 2012 Revenue Requirement and the final 2011 true-up calculated based on historical data.

(2) General True-Up

Each year (Year X), in determining its Revenue Requirement for Year X+1, the ISO will include in such Revenue Requirement a true-up of Year X-1's Revenue Requirement for Schedules 1, 3 and 5.

Specifically, the Revenue Requirement for Year X+1 will include deviations between collections under this Section IV.A and the ISO's actual expenses for Year X-1. For example, when filing the Revenue Requirement for 2014, the ISO will compute the total actual expenses for Schedules 1, 3 and 5 in 2012 and will compare these totals with the total charges actually collected under the Tariff for each of these Schedules during calendar year 2012. Based on these comparisons, the ISO will adjust the otherwise-projected Revenue Requirement for calendar year 2014 for one or more of Schedules 1, 3 and 5, as needed, downward or upward to reflect the actual calendar year 2012 surplus or deficit, respectively.

From these figures the ISO will calculate rates for calendar year 2014, and make a rate change filing for calendar year 2014 and succeeding years, as required, to reflect the budget amount for the applicable calendar year and the true-up calculated by means of the foregoing analysis and adjustments.

Notwithstanding the foregoing, for any instance of special purpose funding, in which funds are allocated and not to be used for any other purpose, the ISO may maintain any surplus amounts in a segregated ledger account to be applied in a future year for such specific purpose without application of the true-up mechanism described above until such time as the special purpose needs are completed, at which time the ISO will include any remaining funds in the Revenue Requirement adjustment being made pursuant to this Section (2).

(3) Indemnification

The Revenue Requirement does not reflect any amounts received by the ISO due to indemnification payments.

**IV.A.3 Billing and Payment**

**IV.A.3.1 Billing Procedure:**

With respect to charges under this Section IV.A., the ISO will apply the ISO Billing Policy as set forth in Exhibit ID to Section I of the Tariff.

**IV.A.3.2 Working Capital Advances:**

In the event that working capital financing arranged by the ISO is terminated early or repayment is accelerated (and no replacement funding has been obtained by the ISO) and Early Amortization Working

Capital Charges have been assessed to Market Participants by the ISO, each month, each Market Participant shall be required to advance to the ISO an amount (each, an “Advance”) equal to the ISO’s reasonable projection of such Market Participant’s charges under the Tariff for three succeeding months. The Advances shall be held in an interest bearing account. In each succeeding month, the ISO shall adjust each Market Participant’s Advance so that, in each calendar month, each Market Participant’s Advance is equal to the ISO’s reasonable projection of such Market Participant’s charges under Section IV.A of the Tariff for such month and the next two succeeding months. If, in the reasonable judgment of the ISO, a cash deficiency is likely to occur at any time as a result of a depletion of the Advances (but not as a result of the failure of any Market Participant to pay its Advance), the ISO shall, at its option, have the right to require each Market Participant to pay the ISO its pro rata share (based on such Market Participant’s projected charges under Section IV.A of the Tariff for the instant month and the next two succeeding months compared to projected charges to all Market Participants under Section IV.A of the Tariff for the instant month and the next two succeeding months) of any additional Advances required for the ISO’s operations. If any Market Participant withdraws from the ISO or has its membership terminated, its Advance will be returned to it at the end of the month in which its withdrawal or termination is effective, provided that all of the departing Market Participant’s liabilities under the Tariff have been satisfied, and all of the other Market Participants will have their Advances adjusted accordingly.

#### **IV.A.4 Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement thereunder shall be construed as affecting in any way the right of the ISO to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Customer receiving a Service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder.

#### **IV.A.5 Creditworthiness**

For purposes of Section IV.A of the Tariff, the ISO will apply the ISO New England Financial Assurance Policy attached to Section I of the Tariff. Each Customer shall comply with the requirements of this policy, as applicable.

#### **IV.A.6 Direct Billing; Sanctions**

**IV.A.6.1 Transmission Studies:**

The ISO will conduct and coordinate certain System Impact Studies and Facilities Studies pursuant to, and in accordance with, the Tariff. The costs of System Impact Studies and Facilities Studies will be charged directly to the pertinent Eligible Customers or interconnection applicants. The ISO will also conduct studies as part of the Forward Capacity Market qualification process and will charge those costs directly through Qualification Process Cost Reimbursement Deposits.

**IV.A.6.2 Information Requests:**

In fulfilling information requests of a significant and non-routine nature, the ISO will charge its associated direct and indirect costs to the requestor. Revenue from these charges will be credited to Revenue Requirements for the Service to which the information request is most closely related.

**IV.A.6.3 Non-Standard Provisions:**

If there is a significant direct or indirect cost associated with the ISO's implementation of non-standard provisions for energy or other products in a bilateral contract, the ISO will charge those costs to the contract submitter. Revenue from these charges will be credited to Revenue Requirements for the Service to which the submitted contract is most closely related.

**IV.A.6.4 Non-Standard Billing Service:**

Market Participants and other Customers who require non-standard billing payment arrangements, pursuant to the terms of the ISO New England Financial Assurance Policy shall be charged the ISO's associated direct and indirect costs for these arrangements. Fees collected will be credited to Revenue Requirements for all three Services, in proportion to the relative Revenue Requirements for those Services.

**IV.A.6.5 [Reserved for Future Use]****IV.A.6.6 Re-billing Requests:**

In fulfilling re-billing requests of a significant and non-routine nature as a result of data revisions not being received in a timely fashion from a Customer, the ISO will charge its associated direct and indirect costs to that Customer. Revenue from these charges will be credited to Revenue Requirements for the Service to which the information request is most closely related.

#### **IV.A.7 Metering**

##### **IV.A.7.1 Customer Obligations:**

The Customer shall be responsible for compliance with metering requirements under the Tariff and the ISO New England Operating Documents and to communicate the metering information to the ISO.

##### **IV.A.7.2 RTO Access to Metering Data:**

The ISO will have access to such metering data as may reasonably be required to facilitate measurements and billing under the ISO New England Operating Documents, the Tariff or any Service Agreement thereunder.

##### **IV.A.8 Collection of Commission Annual Charges:**

The ISO's collection of amounts necessary to pay annual charges to the Commission is addressed in Schedule 4 hereof.

**Schedule 1**  
**Scheduling, System Control and Dispatch Service**

Scheduling, System Control and Dispatch Service (“Scheduling Service”) is the service required to schedule at the regional level the movement of power through, out of, within, or into the New England Control Area. For regional transmission service under the Tariff, Scheduling Service is an Ancillary Service that can be provided only by the ISO. All Transmission Customers must be Customers for Scheduling Service under this Tariff and purchase this Service from the ISO. The ISO’s charges stated herein for Scheduling Service are based on the expenses incurred by the ISO in providing this Service. In addition, the ISO acts as a billing agent for the operators of the Local Control Centers and certain Market Participants in order to collect expenses incurred in providing this Service pursuant to this Schedule 1.

The ISO’s expenses are based on the functions and activities required to provide this Service and include, but are not limited to:

- Processing and implementation of requests for regional transmission service, including support of the OASIS node;
- Coordination of transmission system operation (including administration of reactive power requirements under Schedule 2 of Section II of the Tariff) and implementation of necessary control actions by the ISO and support for these functions;
- Billing associated with regional transmission services provided under the Tariff;
- Transmission system planning which supports this Service; and
- Administrative costs associated with the aforementioned functions.

For the ISO’s expenses in providing transmission-related Scheduling Service:

(A) each Customer that is obligated to pay the Regional Network Service rate shall pay each month, in arrears, an amount equal to the product of \$0.29582 per kilowatt month times its Monthly Regional Network Load for that month.

(B) each Customer that is a Transmission Customer receiving Through or Out Service shall pay each month, in arrears, an amount equal to the product of the Transmission Customer’s highest amount of Reserved Capacity (expressed in kilowatts) for an hour for each transaction, other than a Coordinated



External Transaction, that is scheduled to occur during the month as Through or Out Service multiplied by \$0.00041 per kilowatt for each hour of service.

Schedule 1 revenues collected from Through or Out Service customers shall be credited to each Network Customer receiving Regional Network Service that month in proportion to each Network Customer's Monthly Regional Network Load in that month.

Non-Market Participant FTR fees and any portions of Long Lead Facility deposits collected by the ISO under Schedule 22 and Schedule 25 of Section II of the Tariff that become non-refundable will be credited to Schedule 1 Revenue Requirements and will be included in the Schedule 1 true-up calculations.

All general terms and conditions of the Tariff apply to this Service.

**Schedule 2**  
**Energy Administration Service**

Energy Administration Service (“EAS”) is the Service provided by the ISO to administer the Energy Market.

The ISO’s expenses are based on the functions required to provide EAS and include, but are not limited to:

- Core operation of the Energy Market;
- Generation and demand dispatch related to the Energy Market;
- Energy accounting;
- Loss determination and allocation;
- Billing preparation;
- Market power monitoring and mitigation for the Energy Market;
- Sanctions activities;
- Operation of FTR auctions;
- Market assessment and reports; and
- Formulation of additional market rules and proposals to modify existing rules.

Each Market Participant that has an account for Energy that is settled by the ISO for the current month shall pay each month an amount based on Energy Transaction Units (Energy TUs), Increment Offers, Decrement Bids, Volumetric Measures, submitted FTR auction bids, and cleared FTR auction bids.

Energy TU Based Charges: For purposes of this Schedule 2, Energy TUs shall be calculated without reference to contributions from Coordinated External Transactions. Each Customer that has, during a month, incurred Energy TUs exceeding zero shall pay an amount, in arrears, equal to the sum of the products of:

- (1) \$0.81457 times the Customer’s first 12,500 Energy TUs for that month; plus
- (2) \$0.74051 times the amount of Energy TUs that exceed 12,500 but are less than or equal to 39,500; plus

- (3) \$0.66646 times the amount of Energy TUs that exceed 39,500.

Charges Based on Increment Offers and Decrement Bids: Each Customer submitting Increment Offers and/or Decrement Bids shall pay, in arrears, amounts equal to:

- (1) \$0.00500 times the number of Increment Offers and Decrement Bids submitted by the Customer for that month; plus
- (2) \$0.06000 times the number of Increment Offers and Decrement Bids submitted by the Customer for that month that clear in the Day-Ahead Energy Market.

Volumetric Measure Based Charges: A Customer shall be considered an EAS VM Customer if the sum of Monthly Real-Time Load Obligation, Monthly Real-Time Generation Obligation, and Monthly Real-Time Demand Reduction Obligation (measured in megawatthours, MWh and excluding Coordinated External Transactions) assessed to that Customer during the month exceeds zero (0), in which case, the total EAS VM charges for that Customer shall be equal to the sum of:

- (1) Monthly Real-Time Load Obligation (MWh), excluding Monthly Real-Time Load Obligation associated with Coordinated External Transactions;
- (2) Monthly Real-Time Generation Obligation (MWh); provided, however, that Monthly Real-Time Generation Obligation associated with energy imported into the New England Control Area by Bangor Hydro-Electric Company across the New Brunswick ties shall be excluded (up to 300 MW) for billing and rate calculation purposes from EAS VMs, and provided further that Monthly Real-Time Generation Obligation associated with Coordinated External Transactions shall be excluded; and
- (3) Monthly Real-Time Demand Reduction Obligation (MWh).

Subject to the foregoing, each Market Participant that is identified as an EAS VM Customer for that month shall pay an amount, in arrears, based on total EAS VM, equal to:

- (a) \$0.56227 per MWh for the first 250,000 MWh of EAS VM for that month; plus

- (b) \$0.51116 per MWh for each VM that exceeds 250,000 EAS VM but is less than or equal to 1,500,000 MWh for that month; plus
- (c) \$0.46004 per MWh for each EAS VM in excess of 1,500,000 MWh for that month.

Charges Based on Submitted and Cleared FTR Bids: Each Customer submitting FTR auction bids shall pay, in arrears, amounts equal to:

- (1) \$3.26750 times the number of bids submitted by the Customer into any FTR auctions held for that month; plus
- (2) \$3.26750 times the number of bids submitted by the Customer into any annual or multi-month FTR auctions (billed with the invoice for the first month of the annual or multi-month FTR auction); plus
- (3) \$5.32383 times the number of bids submitted by the Customer during that month that clear any FTR auctions held for that month; plus
- (4) \$5.32383 times the number of bids submitted by the Customer that clear any annual or multi-month FTR auctions (billed with the invoice for the first month of the annual or multi-month FTR auction).

**Schedule 3**  
**Reliability Administration Service**

Reliability Administration Service (“RAS”) is the Service provided by the ISO to administer the Reliability Markets (and facilitate reliability-associated transactions and arrangements) in accordance with the Tariff and the corresponding rules promulgated thereunder, and to provide other reliability and informational services. The Reliability Markets are also a means by which certain Ancillary Services are obtained under Section II of the Tariff. Each Customer must enter into a Service Agreement.

The ISO’s administrative expenses are based on the functions required to provide this Service and include, but are not limited to:

- Generation and demand dispatch associated with Reliability Markets;
- Reliability Markets accounting;
- Billing preparation;
- The ISO generation emissions analysis;
- Risk profile updates;
- Triennial review of resource adequacy;
- Studies and qualification of resources under Forward Capacity Market;
- Preparation of regional reports and load forecasts and profiles (Capacity, Energy, Load and Transmission reports; reports to the Energy Information Administration (EIA) of the United States Department of Energy; reports to the North American Electric Reliability Corporation; Regional System Plan);
- Support of power supply, environmental and market reliability planning activities;
- Market power monitoring, mitigation and assessment for the Reliability Markets;
- Formulation of additional market rules and proposals to modify existing rules.

(A) Each Transmission Customer taking Through or Out Service that is not a Market Participant shall be considered a RAS Customer and shall pay each month, in arrears, a RAS fee equal to the product of \$5.58 times the number of hourly Through or Out reservations made for that month.

(B) Each Customer that is a Market Participant shall be considered a RAS Customer and shall pay each month, in arrears, an amount equal to the product of \$0.37690 per kilowatt month times the Market Participant’s Real-Time NCP Load Obligation (measured in kilowatts) for that month.

(C) For Exports other than Coordinated External Transactions, each RAS Customer shall pay each month, in arrears, an amount equal to \$0.82000 per MWh per Export, where MWh represents the hourly scheduled MWs of associated Export.

In order to preserve the settlement approved in Docket No. ER01-316, Market Participants engaging in “through” transactions using Through or Out Service will not be deemed to have a Real-Time Load Obligation on account of those transactions.

Charges collected under Schedule 3 for RAS do not include any amounts paid by the ISO on behalf of the Market Participants to purchase emergency power.

Charges collected under Schedule 3 for RAS do not include the recovery of costs associated with disclosure or tracking obligations. If one or more states require Market Participants to undertake such activity the ISO will separately charge the expenses associated with such obligations.

All general terms and conditions of the Tariff apply to this Service.

## **Schedule 4**

### **Collection of Commission Annual Charges**

Each Transmission Owner that is jurisdictional to the Commission shall provide to the ISO under oath, sixty days in advance of the due date for the Commission's Reporting Requirement No. 582 ("FERC-582"), data for the pertinent period concerning the Transmission Owner's megawatt-hours of all unbundled transmission (including MWh delivered in wheeling transactions and MWh delivered in exchange transactions) and the Transmission Owner's megawatt-hours of all bundled wholesale power sales (to the extent these latter MWh were not separately reported as unbundled transmission) for the pertinent period, in the level of detail required by Commission regulations and necessary for the ISO to make and support a FERC-582 report by the ISO for the New England Control Area. These amounts are reported on the Commission's Form 1 in connection with accounts 447, 456, and 555.

Upon the ISO's receipt of the Commission's bill for the annual charges for the New England Control Area, the ISO will promptly calculate the allocable portion of that annual charge payable by each Transmission Owner. To determine the amount payable by each Transmission Owner for the annual charge for the then-current Commission fiscal year, the ISO will divide each Transmission Owner's total reported megawatt-hours of transmission of electric energy in interstate commerce by the total megawatt-hours of transmission of electric energy in interstate commerce reported for the prior calendar year by the ISO in FERC-582 for the New England Control Area, and multiply the resulting figure by the Commission's annual charge to the New England Control Area for the then-current Commission fiscal year. The allocation among Transmission Owners of any adjustments for the prior Commission fiscal year reflected in the current-year Commission bill will be calculated by multiplying (x) each Transmission Owner's adjusted sales (i.e., megawatt-hours of transmission of electric energy in interstate commerce) for the calendar year on which that prior Commission fiscal year's annual charges were based by (y) the final Commission charge factor for that prior fiscal year, as indicated in the Commission bill. This amount will be compared with the amount originally paid by the corresponding Transmission Owner for the prior fiscal year and any difference (positive or negative) will be an adjustment to the payment required from that Transmission Owner for current-year Commission annual charges. The ISO will promptly notify each Transmission Owner of the required payment, and each Transmission Owner shall pay to the ISO, within fifteen (15) days of the Transmission Owner's receipt of the notice, the amount specified in the notice.

Each Transmission Owner will provide the ISO with assistance reasonably required in responding to information requests and audits by the Commission in connection with the Form 582 Reporting Requirement and payment of annual charges.



**Schedule 5**  
**Collection of NESCOE Budget**

The ISO acts as the billing and collection agent for the New England States Committee on Electricity (NESCOE) for recovery of amounts reflected in the annual NESCOE budget through the rates set forth below. Each year, NESCOE will develop an annual budget, including supporting documentation and justification and a collection schedule, and present it to the ISO in final form no later than October 20 for the following calendar year, following the budget review process set forth in understandings among NESCOE, the ISO, and NEPOOL, which process is anticipated to begin in June each year. NESCOE shall not exceed its budget in any given calendar year. The “General True-Up Provision” in Section IV.A.2.2.(2) of this Tariff shall apply to this Schedule 5.

The ISO will calculate the Schedule 5 rate based on the rate design specified below. The ISO will submit the NESCOE-provided materials and any revised tariff sheets to the Commission separately but contemporaneously with the ISO’s annual filing of rates to recover ISO’s other administrative expenses.

For the calendar year 2025, the six New England states shall bear NESCOE’s budgeted costs as follows. Each Customer that is obligated to pay the Regional Network Service rate shall pay each month, in arrears, an amount equal to the product of \$0.00716 per kilowatt times its Monthly Regional Network Load for that month.

# **EXHIBIT 2**

**SECTION IV.A**  
**RECOVERY OF ISO ADMINISTRATIVE EXPENSES**

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#### **IV.A.1 Definitions:**

Whenever used in this Section IV.A, in either the singular or plural number, capitalized terms shall have the meanings specified in Section I.

#### **IV.A.2 Purpose of Section IV.A; Adjustments to Rates**

##### **IV.A.2.1 Purpose of Section IV.A**

Section IV.A of the Tariff is the means by which the ISO collects the revenues necessary to carry out its administrative functions in each calendar year, and contains rates, charges, terms and conditions for the following Services, which together encompass the functions carried out by the ISO:

- (1) Scheduling, System Control and Dispatch Service (Schedule 1 hereto);
- (2) Energy Administration Service (Schedule 2 hereto); and
- (3) Reliability Administration Service (Schedule 3 hereto).

The rates and charges for each Service during a calendar year are based on the allocated portion of that year's Revenue Requirement. "Revenue Requirement" refers to the budgeted total expense for the year as adjusted by true-ups described herein.

##### **IV.A.2.2 True-Ups**

###### **(1) Schedule 2 True-Up**

- (i) Each year (Year X), in determining the ISO's Revenue Requirement for the subsequent year (Year X+1), the ISO will make a true-up of the Schedule 2 portion of the Revenue Requirement for the prior year (Year X-1). Any difference between the actual Year X-1 Schedule 2 revenues and amounts budgeted for Schedule 2 revenues in the Year X-1 Revenue Requirement will be reflected in the projected Schedule 2 rates for Year X+1 as stated in paragraph (ii) below.
- (ii) In implementing the true-up adjustment for revenue differences in the volumetric portion of Schedule 2, the differences will be added to (in the case of a revenue shortfall) or subtracted from (in the case of a revenue over-recovery) the ISO's total estimated budgeted amounts for

Schedule 2 for Year X+1. For revenue over-recoveries attributable to the TUs in Schedule 2, the ISO will treat them in the same manner as revenue adjustments for the volumetric portion of Schedule 2. For revenue shortfalls attributable to the TUs in Schedule 2, the ISO will allocate them according to the following method:

- (a) 50% of the shortfall will be added to the ISO's projected Revenue Requirement for the Schedule 2 volumetric component (85% of the projected Schedule 2 Revenue Requirement prior to true-ups).
  - (b) An additional percentage of the shortfall will be added to the ISO's projected Revenue Requirement for the Schedule 2 volumetric component for each percentage decrease which was deemed to have occurred between the number of TUs used in the true-up and the number of TUs that the ISO had used in the original projection of the rates for that year.
  - (c) The maximum percentage of the shortfall to be added to the Schedule 2 volumetric component is 100%, which would result if the percentage difference between the actual and forecasted TUs were 50% or greater.
  - (d) Any remaining shortfall revenues after allocation of the shortfall to the Schedule 2 volumetric component will be added to the ISO's projected Revenue Requirement for the Schedule 2 TU component (15% of the projected Schedule 2 Revenue Requirements prior to true-ups).
- (iii) True-Ups Collected in Future Rates. To the extent the ISO proposes to change its rate design for Section IV.A, the ISO will continue to implement the true-up procedures stated in this section to recover under- or over-collections of TUs for then-current and prior years. For example, when, on a going-forward basis effective January 1, 2012, the ISO eliminated the inclusion of an estimated true-up for the current year (Year X) in the Revenue Requirement for the subsequent year (Year X+1), the ISO was still required to include in the Revenue Requirement for 2013 the difference between the estimated 2011 true-up filed with the 2012 Revenue Requirement and the final 2011 true-up calculated based on historical data.

(2) General True-Up

Each year (Year X), in determining its Revenue Requirement for Year X+1, the ISO will include in such Revenue Requirement a true-up of Year X-1's Revenue Requirement for Schedules 1, 3 and 5.

Specifically, the Revenue Requirement for Year X+1 will include deviations between collections under this Section IV.A and the ISO's actual expenses for Year X-1. For example, when filing the Revenue Requirement for 2014, the ISO will compute the total actual expenses for Schedules 1, 3 and 5 in 2012 and will compare these totals with the total charges actually collected under the Tariff for each of these Schedules during calendar year 2012. Based on these comparisons, the ISO will adjust the otherwise-projected Revenue Requirement for calendar year 2014 for one or more of Schedules 1, 3 and 5, as needed, downward or upward to reflect the actual calendar year 2012 surplus or deficit, respectively.

From these figures the ISO will calculate rates for calendar year 2014, and make a rate change filing for calendar year 2014 and succeeding years, as required, to reflect the budget amount for the applicable calendar year and the true-up calculated by means of the foregoing analysis and adjustments.

Notwithstanding the foregoing, for any instance of special purpose funding, in which funds are allocated and not to be used for any other purpose, the ISO may maintain any surplus amounts in a segregated ledger account to be applied in a future year for such specific purpose without application of the true-up mechanism described above until such time as the special purpose needs are completed, at which time the ISO will include any remaining funds in the Revenue Requirement adjustment being made pursuant to this Section (2).

(3) Indemnification

The Revenue Requirement does not reflect any amounts received by the ISO due to indemnification payments.

**IV.A.3 Billing and Payment**

**IV.A.3.1 Billing Procedure:**

With respect to charges under this Section IV.A., the ISO will apply the ISO Billing Policy as set forth in Exhibit ID to Section I of the Tariff.

**IV.A.3.2 Working Capital Advances:**

In the event that working capital financing arranged by the ISO is terminated early or repayment is accelerated (and no replacement funding has been obtained by the ISO) and Early Amortization Working



Capital Charges have been assessed to Market Participants by the ISO, each month, each Market Participant shall be required to advance to the ISO an amount (each, an “Advance”) equal to the ISO’s reasonable projection of such Market Participant’s charges under the Tariff for three succeeding months. The Advances shall be held in an interest bearing account. In each succeeding month, the ISO shall adjust each Market Participant’s Advance so that, in each calendar month, each Market Participant’s Advance is equal to the ISO’s reasonable projection of such Market Participant’s charges under Section IV.A of the Tariff for such month and the next two succeeding months. If, in the reasonable judgment of the ISO, a cash deficiency is likely to occur at any time as a result of a depletion of the Advances (but not as a result of the failure of any Market Participant to pay its Advance), the ISO shall, at its option, have the right to require each Market Participant to pay the ISO its pro rata share (based on such Market Participant’s projected charges under Section IV.A of the Tariff for the instant month and the next two succeeding months compared to projected charges to all Market Participants under Section IV.A of the Tariff for the instant month and the next two succeeding months) of any additional Advances required for the ISO’s operations. If any Market Participant withdraws from the ISO or has its membership terminated, its Advance will be returned to it at the end of the month in which its withdrawal or termination is effective, provided that all of the departing Market Participant’s liabilities under the Tariff have been satisfied, and all of the other Market Participants will have their Advances adjusted accordingly.

#### **IV.A.4 Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement thereunder shall be construed as affecting in any way the right of the ISO to file with the Commission under Section 205 of the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder for a change in any rates, terms and conditions, charges, classification of service, Service Agreement, rule or regulation.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Customer receiving a Service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission’s rules and regulations promulgated thereunder.

#### **IV.A.5 Creditworthiness**

For purposes of Section IV.A of the Tariff, the ISO will apply the ISO New England Financial Assurance Policy attached to Section I of the Tariff. Each Customer shall comply with the requirements of this policy, as applicable.

#### **IV.A.6 Direct Billing; Sanctions**

**IV.A.6.1 Transmission Studies:**

The ISO will conduct and coordinate certain System Impact Studies and Facilities Studies pursuant to, and in accordance with, the Tariff. The costs of System Impact Studies and Facilities Studies will be charged directly to the pertinent Eligible Customers or interconnection applicants. The ISO will also conduct studies as part of the Forward Capacity Market qualification process and will charge those costs directly through Qualification Process Cost Reimbursement Deposits.

**IV.A.6.2 Information Requests:**

In fulfilling information requests of a significant and non-routine nature, the ISO will charge its associated direct and indirect costs to the requestor. Revenue from these charges will be credited to Revenue Requirements for the Service to which the information request is most closely related.

**IV.A.6.3 Non-Standard Provisions:**

If there is a significant direct or indirect cost associated with the ISO's implementation of non-standard provisions for energy or other products in a bilateral contract, the ISO will charge those costs to the contract submitter. Revenue from these charges will be credited to Revenue Requirements for the Service to which the submitted contract is most closely related.

**IV.A.6.4 Non-Standard Billing Service:**

Market Participants and other Customers who require non-standard billing payment arrangements, pursuant to the terms of the ISO New England Financial Assurance Policy shall be charged the ISO's associated direct and indirect costs for these arrangements. Fees collected will be credited to Revenue Requirements for all three Services, in proportion to the relative Revenue Requirements for those Services.

**IV.A.6.5 [Reserved for Future Use]****IV.A.6.6 Re-billing Requests:**

In fulfilling re-billing requests of a significant and non-routine nature as a result of data revisions not being received in a timely fashion from a Customer, the ISO will charge its associated direct and indirect costs to that Customer. Revenue from these charges will be credited to Revenue Requirements for the Service to which the information request is most closely related.

#### **IV.A.7 Metering**

##### **IV.A.7.1 Customer Obligations:**

The Customer shall be responsible for compliance with metering requirements under the Tariff and the ISO New England Operating Documents and to communicate the metering information to the ISO.

##### **IV.A.7.2 RTO Access to Metering Data:**

The ISO will have access to such metering data as may reasonably be required to facilitate measurements and billing under the ISO New England Operating Documents, the Tariff or any Service Agreement thereunder.

##### **IV.A.8 Collection of Commission Annual Charges:**

The ISO's collection of amounts necessary to pay annual charges to the Commission is addressed in Schedule 4 hereof.

**Schedule 1**  
**Scheduling, System Control and Dispatch Service**

Scheduling, System Control and Dispatch Service (“Scheduling Service”) is the service required to schedule at the regional level the movement of power through, out of, within, or into the New England Control Area. For regional transmission service under the Tariff, Scheduling Service is an Ancillary Service that can be provided only by the ISO. All Transmission Customers must be Customers for Scheduling Service under this Tariff and purchase this Service from the ISO. The ISO’s charges stated herein for Scheduling Service are based on the expenses incurred by the ISO in providing this Service. In addition, the ISO acts as a billing agent for the operators of the Local Control Centers and certain Market Participants in order to collect expenses incurred in providing this Service pursuant to this Schedule 1.

The ISO’s expenses are based on the functions and activities required to provide this Service and include, but are not limited to:

- Processing and implementation of requests for regional transmission service, including support of the OASIS node;
- Coordination of transmission system operation (including administration of reactive power requirements under Schedule 2 of Section II of the Tariff) and implementation of necessary control actions by the ISO and support for these functions;
- Billing associated with regional transmission services provided under the Tariff;
- Transmission system planning which supports this Service; and
- Administrative costs associated with the aforementioned functions.

For the ISO’s expenses in providing transmission-related Scheduling Service:

(A) each Customer that is obligated to pay the Regional Network Service rate shall pay each month, in arrears, an amount equal to the product of \$0.29582 per kilowatt month times its Monthly Regional Network Load for that month.

(B) each Customer that is a Transmission Customer receiving Through or Out Service shall pay each month, in arrears, an amount equal to the product of the Transmission Customer’s highest amount of Reserved Capacity (expressed in kilowatts) for an hour for each transaction, other than a Coordinated

External Transaction, that is scheduled to occur during the month as Through or Out Service multiplied by \$0.00041 per kilowatt for each hour of service.

Schedule 1 revenues collected from Through or Out Service customers shall be credited to each Network Customer receiving Regional Network Service that month in proportion to each Network Customer's Monthly Regional Network Load in that month.

Non-Market Participant FTR fees and any portions of Long Lead Facility deposits collected by the ISO under Schedule 22 and Schedule 25 of Section II of the Tariff that become non-refundable will be credited to Schedule 1 Revenue Requirements and will be included in the Schedule 1 true-up calculations.

All general terms and conditions of the Tariff apply to this Service.

**Schedule 2**  
**Energy Administration Service**

Energy Administration Service (“EAS”) is the Service provided by the ISO to administer the Energy Market.

The ISO’s expenses are based on the functions required to provide EAS and include, but are not limited to:

- Core operation of the Energy Market;
- Generation and demand dispatch related to the Energy Market;
- Energy accounting;
- Loss determination and allocation;
- Billing preparation;
- Market power monitoring and mitigation for the Energy Market;
- Sanctions activities;
- Operation of FTR auctions;
- Market assessment and reports; and
- Formulation of additional market rules and proposals to modify existing rules.

Each Market Participant that has an account for Energy that is settled by the ISO for the current month shall pay each month an amount based on Energy Transaction Units (Energy TUs), Increment Offers, Decrement Bids, Volumetric Measures, submitted FTR auction bids, and cleared FTR auction bids.

Energy TU Based Charges: For purposes of this Schedule 2, Energy TUs shall be calculated without reference to contributions from Coordinated External Transactions. Each Customer that has, during a month, incurred Energy TUs exceeding zero shall pay an amount, in arrears, equal to the sum of the products of:

- (1) \$0.81457 times the Customer’s first 12,500 Energy TUs for that month; plus
- (2) \$0.74051 times the amount of Energy TUs that exceed 12,500 but are less than or equal to 39,500; plus

- (3) \$0.66646 times the amount of Energy TUs that exceed 39,500.

Charges Based on Increment Offers and Decrement Bids: Each Customer submitting Increment Offers and/or Decrement Bids shall pay, in arrears, amounts equal to:

- (1) \$0.00500 times the number of Increment Offers and Decrement Bids submitted by the Customer for that month; plus
- (2) \$0.06000 times the number of Increment Offers and Decrement Bids submitted by the Customer for that month that clear in the Day-Ahead Energy Market.

Volumetric Measure Based Charges: A Customer shall be considered an EAS VM Customer if the sum of Monthly Real-Time Load Obligation, Monthly Real-Time Generation Obligation, and Monthly Real-Time Demand Reduction Obligation (measured in megawatthours, MWh and excluding Coordinated External Transactions) assessed to that Customer during the month exceeds zero (0), in which case, the total EAS VM charges for that Customer shall be equal to the sum of:

- (1) Monthly Real-Time Load Obligation (MWh), excluding Monthly Real-Time Load Obligation associated with Coordinated External Transactions;
- (2) Monthly Real-Time Generation Obligation (MWh); provided, however, that Monthly Real-Time Generation Obligation associated with energy imported into the New England Control Area by Bangor Hydro-Electric Company across the New Brunswick ties shall be excluded (up to 300 MW) for billing and rate calculation purposes from EAS VMs, and provided further that Monthly Real-Time Generation Obligation associated with Coordinated External Transactions shall be excluded; and
- (3) Monthly Real-Time Demand Reduction Obligation (MWh).

Subject to the foregoing, each Market Participant that is identified as an EAS VM Customer for that month shall pay an amount, in arrears, based on total EAS VM, equal to:

- (a) \$0.56227 per MWh for the first 250,000 MWh of EAS VM for that month; plus

- (b) \$0.51116 per MWh for each VM that exceeds 250,000 EAS VM but is less than or equal to 1,500,000 MWh for that month; plus
- (c) \$0.46004 per MWh for each EAS VM in excess of 1,500,000 MWh for that month.

Charges Based on Submitted and Cleared FTR Bids: Each Customer submitting FTR auction bids shall pay, in arrears, amounts equal to:

- (1) \$3.26750 times the number of bids submitted by the Customer into any FTR auctions held for that month; plus
- (2) \$3.26750 times the number of bids submitted by the Customer into any annual or multi-month FTR auctions (billed with the invoice for the first month of the annual or multi-month FTR auction); plus
- (3) \$5.32383 times the number of bids submitted by the Customer during that month that clear any FTR auctions held for that month; plus
- (4) \$5.32383 times the number of bids submitted by the Customer that clear any annual or multi-month FTR auctions (billed with the invoice for the first month of the annual or multi-month FTR auction).



**Schedule 3**  
**Reliability Administration Service**

Reliability Administration Service (“RAS”) is the Service provided by the ISO to administer the Reliability Markets (and facilitate reliability-associated transactions and arrangements) in accordance with the Tariff and the corresponding rules promulgated thereunder, and to provide other reliability and informational services. The Reliability Markets are also a means by which certain Ancillary Services are obtained under Section II of the Tariff. Each Customer must enter into a Service Agreement.

The ISO’s administrative expenses are based on the functions required to provide this Service and include, but are not limited to:

- Generation and demand dispatch associated with Reliability Markets;
- Reliability Markets accounting;
- Billing preparation;
- The ISO generation emissions analysis;
- Risk profile updates;
- Triennial review of resource adequacy;
- Studies and qualification of resources under Forward Capacity Market;
- Preparation of regional reports and load forecasts and profiles (Capacity, Energy, Load and Transmission reports; reports to the Energy Information Administration (EIA) of the United States Department of Energy; reports to the North American Electric Reliability Corporation; Regional System Plan);
- Support of power supply, environmental and market reliability planning activities;
- Market power monitoring, mitigation and assessment for the Reliability Markets;
- Formulation of additional market rules and proposals to modify existing rules.

(A) Each Transmission Customer taking Through or Out Service that is not a Market Participant shall be considered a RAS Customer and shall pay each month, in arrears, a RAS fee equal to the product of \$5.58 times the number of hourly Through or Out reservations made for that month.

(B) Each Customer that is a Market Participant shall be considered a RAS Customer and shall pay each month, in arrears, an amount equal to the product of \$0.37690 per kilowatt month times the Market Participant’s Real-Time NCP Load Obligation (measured in kilowatts) for that month.

(C) For Exports other than Coordinated External Transactions, each RAS Customer shall pay each month, in arrears, an amount equal to \$0.82000 per MWh per Export, where MWh represents the hourly scheduled MWs of associated Export.

In order to preserve the settlement approved in Docket No. ER01-316, Market Participants engaging in “through” transactions using Through or Out Service will not be deemed to have a Real-Time Load Obligation on account of those transactions.

Charges collected under Schedule 3 for RAS do not include any amounts paid by the ISO on behalf of the Market Participants to purchase emergency power.

Charges collected under Schedule 3 for RAS do not include the recovery of costs associated with disclosure or tracking obligations. If one or more states require Market Participants to undertake such activity the ISO will separately charge the expenses associated with such obligations.

All general terms and conditions of the Tariff apply to this Service.

## **Schedule 4**

### **Collection of Commission Annual Charges**

Each Transmission Owner that is jurisdictional to the Commission shall provide to the ISO under oath, sixty days in advance of the due date for the Commission's Reporting Requirement No. 582 ("FERC-582"), data for the pertinent period concerning the Transmission Owner's megawatt-hours of all unbundled transmission (including MWh delivered in wheeling transactions and MWh delivered in exchange transactions) and the Transmission Owner's megawatt-hours of all bundled wholesale power sales (to the extent these latter MWh were not separately reported as unbundled transmission) for the pertinent period, in the level of detail required by Commission regulations and necessary for the ISO to make and support a FERC-582 report by the ISO for the New England Control Area. These amounts are reported on the Commission's Form 1 in connection with accounts 447, 456, and 555.

Upon the ISO's receipt of the Commission's bill for the annual charges for the New England Control Area, the ISO will promptly calculate the allocable portion of that annual charge payable by each Transmission Owner. To determine the amount payable by each Transmission Owner for the annual charge for the then-current Commission fiscal year, the ISO will divide each Transmission Owner's total reported megawatt-hours of transmission of electric energy in interstate commerce by the total megawatt-hours of transmission of electric energy in interstate commerce reported for the prior calendar year by the ISO in FERC-582 for the New England Control Area, and multiply the resulting figure by the Commission's annual charge to the New England Control Area for the then-current Commission fiscal year. The allocation among Transmission Owners of any adjustments for the prior Commission fiscal year reflected in the current-year Commission bill will be calculated by multiplying (x) each Transmission Owner's adjusted sales (i.e., megawatt-hours of transmission of electric energy in interstate commerce) for the calendar year on which that prior Commission fiscal year's annual charges were based by (y) the final Commission charge factor for that prior fiscal year, as indicated in the Commission bill. This amount will be compared with the amount originally paid by the corresponding Transmission Owner for the prior fiscal year and any difference (positive or negative) will be an adjustment to the payment required from that Transmission Owner for current-year Commission annual charges. The ISO will promptly notify each Transmission Owner of the required payment, and each Transmission Owner shall pay to the ISO, within fifteen (15) days of the Transmission Owner's receipt of the notice, the amount specified in the notice.

Each Transmission Owner will provide the ISO with assistance reasonably required in responding to information requests and audits by the Commission in connection with the Form 582 Reporting Requirement and payment of annual charges.

**Schedule 5**  
**Collection of NESCOE Budget**

The ISO acts as the billing and collection agent for the New England States Committee on Electricity (NESCOE) for recovery of amounts reflected in the annual NESCOE budget through the rates set forth below. Each year, NESCOE will develop an annual budget, including supporting documentation and justification and a collection schedule, and present it to the ISO in final form no later than October 20 for the following calendar year, following the budget review process set forth in understandings among NESCOE, the ISO, and NEPOOL, which process is anticipated to begin in June each year. NESCOE shall not exceed its budget in any given calendar year. The “General True-Up Provision” in Section IV.A.2.2.(2) of this Tariff shall apply to this Schedule 5.

The ISO will calculate the Schedule 5 rate based on the rate design specified below. The ISO will submit the NESCOE-provided materials and any revised tariff sheets to the Commission separately but contemporaneously with the ISO’s annual filing of rates to recover ISO’s other administrative expenses.

For the calendar year 202~~5~~<sup>4</sup>, the six New England states shall bear NESCOE’s budgeted costs as follows. Each Customer that is obligated to pay the Regional Network Service rate shall pay each month, in arrears, an amount equal to the product of \$~~0.008070~~0.00716 per kilowatt times its Monthly Regional Network Load for that month.

# **EXHIBIT 3**

**DIRECT TESTIMONY**  
**OF**  
**Philip L. Bartlett II**

## **DIRECT TESTIMONY OF PHILIP L. BARTLETT II**

### **Q. Please state your name and business address**

A. My name is Philip L. Bartlett II. My business address is 26 Katherine Drive, Hallowell, Maine, 04347.

### **Q. What is your occupation?**

A. I have been Chairman of the Maine Public Utilities Commission since June 2019. I am a member of the Board of Directors of the New England States Committee on Electricity (“NESCOE”).

### **Q. Please describe your educational background and professional experience.**

A: I have a juris doctorate degree from Harvard Law School and completed my undergraduate work at Tufts University in Economics and Political Science.

Previously, I practiced law with Scaccia, Bartlett & Chabot. I served in the Maine Senate from 2004 to 2012 and was Senate Majority Leader from 2008 to 2010. I have also taught micro and macroeconomics at the collegiate level.

## **PURPOSE OF TESTIMONY**

### **Q. What is the purpose of your testimony?**

A. I am providing this testimony to support the rate proposed by ISO New England Inc. (“ISO-NE”) in Schedule 5 to Section IV.A of ISO-NE’s Transmission, Markets and Services Tariff designed for the purpose of recovering funding for the operation of NESCOE. I will also explain NESCOE’s budget process and provide support for NESCOE’s requested 2025 budget.

### **Q: How will your testimony be organized?**

A: I will describe: 1. NESCOE and its organizational structure; 2. NESCOE’s budget development process; 3. NESCOE’s requested 2025 budget; and 4. the requested rate for recovery of the 2025 budget and why that rate is in my view just and reasonable.

## **NESCOE’S ORGANIZATIONAL STRUCTURE**

### **Q. Please describe NESCOE.**

A. NESCOE is a Regional State Committee as contemplated by the Federal Energy Regulatory Commission (“FERC” or “Commission”) in its April 28, 2003 Standard Market Design White Paper. *See* FERC, White Paper: Wholesale Power Market Platform, Docket No. RM01-12-000 (April 28, 2003). NESCOE is a not-for-profit entity. It is directed by a Board of Directors appointed by New England’s Governors representing each of the six New England States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.



**Q. What is NESCOE's mission?**

A. NESCOE's mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest possible price over the long term, consistent with maintaining reliable service and environmental quality.

NESCOE provides a means for the New England states to engage actively, with a collective view, in regional electricity matters, to identify and resolve issues proactively, and, where appropriate, to avoid lengthy and costly litigation.

**Q. What is the scope of NESCOE's activities?**

A. NESCOE is active, and expresses its views, in two areas: resource adequacy and system planning and expansion. With respect to resource adequacy, NESCOE recommends policies and seeks to influence the development of proposed market rule and other tariff changes, including those relating to clean energy resources, energy efficiency and demand response, and distributed generation. With respect to system planning and expansion, among other things, NESCOE recommends policies designed to ensure that resources are available to provide regional electric reliability and, where it is feasible and cost-effective, to eliminate persistent and costly congestion over transmission lines and enable interconnection of generation resources. The ability to be supported by NESCOE's professional staff and technical consultants allows the states to be engaged at a more granular level with the independent system operator and market participants than would otherwise be possible. This includes regular technical committee involvement and therefore proactive issue identification and problem resolution.

**Q. Please describe NESCOE's staffing.**

A. NESCOE engages staff and technical consultants to undertake the research, analysis, communication, consultation, and advocacy necessary to achieve its mission. NESCOE had five employees in 2025 and intends to return to its prior steady state level of six full-time employees in 2025. NESCOE has also retained consultants to provide technical support in key areas, such as engineering, economics, and market analysis, in order to deliver independent analysis to inform state officials' decisions. Staffing levels and technical consultant support, of course, will be determined by resource availability.

**NESCOE'S BUDGET DEVELOPMENT PROCESS**

**Q. Please describe how NESCOE's budget relates to ISO-NE.**

A. NESCOE coordinates its budget process with ISO-NE's budget cycle, and ISO-NE files NESCOE's annual budget with the Commission as it has done this year. ISO-NE does not approve NESCOE's proposed budget and NESCOE is responsible for providing the information to the Commission to demonstrate that the annual tariff charges for NESCOE's operations are just and reasonable.

**Q. How was NESCOE's 2025 budget developed?**

A. Like past years, NESCOE's budget was driven by a business planning process and vetted by various stakeholders. NESCOE developed its 2025 budget utilizing a process that included identifying priorities; defining activities and objectives; determining resource requirements; developing budget estimates for various functions; and reviewing to ensure that the priorities are met in a cost-effective way. This resulted in the proposed 2025 budget, which is consistent with the five-year *pro forma* budget (covering the period 2023 - 2027) that NESCOE submitted to the Commission on September 6, 2022 in Docket No. ER22-2812-000.

**Q. Is this the same budgeting process that NESCOE used to develop its 2023 and 2024 budgets?**

A. Yes.

**Q. Was this process validated by the Commission in Docket No. ER08-228-000?**

A. Yes.

**DESCRIPTION OF THE 2025 OPERATING EXPENSE BUDGET**

**Q. Please describe the major components of the operating expense budget.**

A. The main components of the operating expense budget are salaries and benefits, consulting services and operational expenses. For 2025, salaries and benefits are anticipated to be approximately \$1,530,524. Consulting services, which includes outside legal services, are budgeted for \$727,634 for 2025. As noted, NESCOE has retained consultants to provide technical support services. NESCOE anticipates continued use of technical consulting services in key areas, such as engineering and economics, to conduct analysis to inform state officials' decisions.

General and administrative expenses are budgeted for \$193,563. These expense categories include items such as office and administrative expenses, professional services, travel and lodging and the like. Capital expenditures for items such as computer equipment, together with an approximate nine percent contingency, are budgeted for \$256,172.

A complete proposed 2025 operational expense budget is found in Exhibit 4 of the filing letter. The amount is consistent with the *pro forma* budget for calendar years 2023 - 2027 submitted to the Commission and is the amount supported by the NEPOOL Participants Committee. This proposed budget is consistent with NESCOE's pledge not to seek approval of a budget increase over the *pro forma* budget of more than ten percent in any one year.

**Q. What is the proposed rate to recover the costs of NESCOE's operation?**

A. If NESCOE's proposed 2025 budget is adopted without modification, the rate contained in Schedule 5 to Section IV.A of ISO-NE's Tariff would be \$0.00716 per kW of Monthly Network Load. This rate is requested to become effective on January 1, 2025.

**Q. Please explain any true-up for funds recovered in prior years.**

A. This proposed 2025 budget reflects a true-up calculated by ISO-NE that includes a credit (over-collection) from 2023 of \$1,115,346, which will reduce the 2025 revenue recovery to \$1,592,547. Any 2024 true-up variance will be included in the 2026 budget. In addition, the proposed 2025 budget accounts for interest on unspent funds. The filing letter accompanying the submission of the proposed rate contained in Schedule 5 provides additional information from ISO-NE on the true-up mechanism and ISO-NE's annual calculation.

**Q. Do you believe that this rate is just and reasonable?**

A. Yes, I do. As in past years, NESCOE has taken care in developing its budget to ensure that only needed expenditures are being sought for recovery. Moreover, in my view, the benefits that the system will see and the potential savings that could be realized through NESCOE's participation in regional stakeholder processes justify what is a relatively modest expense in comparison to the cost implications of market rules and other activities in which NESCOE actively and regularly engages.

**Q. Does this conclude your testimony?**

A. Yes.

I declare under penalty of perjury that, to the best of my understanding, the foregoing is true and correct.

Executed On: October 15, 2024

By: /s/ Philip L. Bartlett II  
Philip L. Bartlett II

# **EXHIBIT 4**

**NESCOE Pro Forma Budget  
Proposed 2025 Budget**

	<b>2025</b>
<b>Salaries and Wages</b>	
Salaries	1,219,758
Payroll Taxes	121,976
Health and Other Benefits	140,000
Retirement §401(k)	48,790
	<hr/>
<b>Total, Salaries and Wages</b>	<b>1,530,524</b>
	<hr/>
<b>Direct Expenses - Consulting</b>	
Technical Analysis	527,634
Legal (FERC)	200,000
	<hr/>
<b>Total, Direct Expenses, Consulting</b>	<b>727,634</b>
	<hr/>
<b>General and Administrative</b>	
Rent	-
Utilities	-
Office and Administrative Expenses	51,938
Professional Services	48,925
Travel/Lodging/Meetings	92,700
	<hr/>
<b>Total General and Administrative</b>	<b>193,563</b>
	<hr/>
<b>Capital Expend. &amp; Contingencies</b>	
Computer Equipment	10,000
Contingencies	246,172
	<hr/>
<b>Capital Expend. &amp; Contingencies</b>	<b>256,172</b>
	<hr/>
<b>TOTAL EXPENSES</b>	<b>2,707,893</b>
	<hr/> <hr/>

# **EXHIBIT 5**

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