

SCHEDULE 20A SERVICE PROVIDERS
PHASE I/II HVDC TRANSMISSION FACILITIES
TRANSMISSION PLANNING STRAWMAN
IN COMPLIANCE WITH FERC ORDER NO. 890

FERC Technical Conference

June 28, 2007

Facility Description

- ◆ **Line was built in two phases (Phase I and Phase II) Phase I and Phase II went into commercial operation in 1986 and 1990, respectively.**
- ◆ **The total nominal capacity of Phase I and II together is approx 2000 MW.**
- ◆ **The principle US converter is located at Sandy Pond (Phase II), with a smaller and seldom-used one in northern New Hampshire (Phase I).**

Support Agreements

- ◆ **The Schedule 20A Service Providers (“SSPs”) are Transmission Providers under Schedule 20A of the ISO-NE OATT where terms and conditions of transmission service over Phase I/II reside**
- ◆ **The SSPs are comprised of a subset of the Interconnection Rights Holders (“IRH”)**
- ◆ **Under support agreements, each of the IRH members holds a firm, irrevocable share of the obligations to support the Phase I/II in return for an equal share of the capacity rights**
- ◆ **The SSPs are both Transmission Providers and IRH members, but they neither own nor control the Phase I/II Interconnection facilities**
- ◆ **The IRH members have no contractual rights or obligations to expand the Phase I/II Interconnection facilities**

HVDC Transmission Operating Agreement

- ◆ **Under the HVDC Transmission Operating Agreement, the Asset Owners ¹ of the Phase I/II Interconnection have agreed to support ISO-NE's regional transmission planning process and**
- ◆ **Have further agreed to assume contractual obligations to build upgrades to the Phase I/II Interconnection necessary to preserve existing levels of reliability**
- ◆ **Such obligation is conditional in that the Asset Owners are not required to violate any applicable restrictions in the support agreements, equity funding agreements or financing arrangements.**
- ◆ **FERC approval of the HVDC TOA, including the conditions therein, was achieved on May 25, 2005.**

¹ Asset Owners: New England Hydro-Transmission Electric Company, Inc.; New England Hydro-Transmission Corporation; New England Electric Transmission Corporation; and Vermont Electric Transmission Company

Phase I/II – 890 Compliance

- ◆ **To the extent that the ISO-NE transmission planning process is expanded to include additional components under Order No. 890, the SSPs support additional participation by the Asset Owners so long as such participation does not violate the terms of the aforementioned agreements.**
- ◆ **The SSPs would also participate to the extent needed to fulfill the Commission's nine criteria.**

Compliance with 890 Planning Principles

1. Coordination -

- The HVDC TOA formally integrates the Phase I/II Interconnection into the regional planning process.
- Phase I/II Interconnection is included in the Inter-Area Planning Stakeholder Advisory Committee (IPSAC) process coordinating and conducting planning activities across PJM, NYISO, and ISO-NE. The Asset Owners and some SSPs continue to be active participants in this stakeholder process.

2. Openness - **SSPs support disclosure of Phase I/II Interconnection transmission planning to all affected parties**

3. Transparency - **In addition to making information available concerning the status of regional upgrades, the SSPs support posting of status reports related to transmission plans for the Phase I/II Interconnection on the ISO's website.**

4. Information Exchange - **The SSPs and ISO-NE will coordinate with each other and with stakeholders to devise a comparable method for obtaining data from customers and exchanging information consistent with CEI and other confidentiality constraints.**

Compliance with 890 Planning Principles

- 5. Comparability - The SSPs and ISO-NE will coordinate with each other and with stakeholders to ensure a comparable method for meeting the specific service requests of transmission customers and otherwise treating similarly-situated customers comparably in transmission system planning.**
- 6. Dispute Resolution - The SSPs and ISO-NE will coordinate with each other and with stakeholders to implement a dispute resolution process applicable to the planning process. In addition, Section 11.12 of the HVDC TOA provides for a dispute resolution between Asset Owners and ISO-NE relative to the Asset Owners' obligation to participate in the ISO-NE planning process.**
- 7. Regional Participation – The HVDC TOA formally links the Phase I/II Interconnection and the regional planning process for reliability.**

Compliance with 890 Planning Principles

- 8. Economic Planning Studies – The HVDC TOA approved by the Commission restricts the Asset Owners’ obligation to expand the Phase I/II Interconnection to preserving current levels of reliability and only provides for enhancements that would not violate underlying agreements. IRH members only pay for those costs that they have agreed to support under the support agreements.**
- 9. Cost Allocation for New Projects - In general, the support agreements make provision for cost allocation of capital additions to the Phase I/II Interconnection. IRH members only pay for those costs that they have agreed to support under the support agreements.**
 - Such cost allocation is consistent with Commission’s directive in Order 890 that beneficiaries pay. The IRH have exclusive rights over the tie and thus pay all the costs, as opposed to pool transmission facilities (PTF) where most costs are socialized.**

Questions?