

**ISO NEW ENGLAND INC
RESPONSE TO HEARING EXAMINER ORAL DATA REQUEST NO 1.**

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ODR-01- 35

Q: Documents showing a requirement that ISO-NE consider cost of transmission alternatives.

A: *The ISO New England Open Access Transmission Tariff (OATT), Attachment K, Section 4.2 (b) states:*

“The ISO may form ISO-led targeted study groups to conduct Solutions Studies. Such study groups will include representatives of the proponents of regulated transmission solutions and other interested or affected stakeholders. Through this process, the ISO may identify the most cost-effective and reliable solutions for the region that meets a need identified in a Needs Assessment. These solutions may differ from a transmission solution proposed by a transmission owner.”

This provision recognizes that the ISO or the transmission owner may be the entity that identifies the most-cost effective transmission solution and that the transmission owner may select a different transmission solution than the one that is determined to be the most cost-effective.

The ISO New England Open Access Transmission Tariff (OATT), Schedule 12C, Section 1 states:

“The ISO shall determine what those reasonable requirements are that are consistent with Good Utility Practice and the current engineering design and construction practices in the area in which the Transmission Upgrade is built. In making its determination of whether Localized Costs exist, the ISO will consider, in accordance with Schedule 12C of this OATT, the reasonableness of the proposed design and construction method with respect to (i) Good Utility Practice, (ii) the current engineering design and construction practices in the area in which the Transmission Upgrade is built, (iii) alternate feasible and practical Transmission Upgrades and (iv) the relative costs, operation, timing of implementation, efficiency and reliability of the proposed Transmission Upgrades. The costs of Transmission Upgrades that exceed those reasonable requirements, as determined above, shall be deemed Localized Costs. Local siting requirements for transmission facilities shall not be dispositive of whether or not Localized Costs exist with respect to any particular Transmission Upgrade. The ISO will develop detailed procedures to fulfill the objectives and requirements of this Schedule 12C.”

Item (iv) requires the ISO to compare the proposed transmission solution to the most cost-effective transmission solution to determine the costs that will be included in the Pool-Supported PTF costs recoverable under the OATT, with the difference becoming Localized Costs. Attachment K in combination with Schedule 12C, demonstrates the ISO's obligation to identify the most cost-effective solution.

Response Prepared and Submitted By:

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