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July 16, 2021

Paul Krawczyk, PTO-AC Chair  
c/o Eversource Energy  
50 Duchaine Boulevard  
New Bedford, MA 02745-1224

**Subject: Proposal to Reform Annual Transmission Charges to Generators**

Mr. Krawczyk:

On behalf of RENEW Northeast, we look forward to discussing our proposal to eliminate annual transmission charges, i.e., O&M charges, with the PTO-AC at its meeting on July 29. At the Transmission Committee on June 10, we advocated for the removal of O&M charges associated with interconnection-related Network Upgrades and received a lot of valuable input, including from your members. As mentioned at that meeting, we believe change is necessary to support our region's clean energy transition and is appropriate as it would align ISO-NE with the other FERC-jurisdictional regions. Continued assessment of these O&M charges has the potential to frustrate or threaten the successful achievement of the New England states' clean energy policy goals. We have prepared a summary of other RTO/ISO's approaches to this issue (attached) that we can discuss during our meeting with you.

One of our key takeaways from the Transmission Committee was the request for a more robust assessment of the impact of our proposal on RNS rates. We agree that this analysis is an important part of our proposal and we have started to gather data. However, we have run into considerable difficulty confirming individual Transmission Owner (TO) rates used for purposes of assessing O&M charges and would ask for your help in confirming the current rates.

In general, our understanding is that these O&M charge rates are stated as a carrying charge expressed as a percentage and calculated annually based on the TO's recent FERC Form 1 data – filed in April every year – and equal the sum of certain revenue requirement components such as O&M, A&G, property taxes, payroll taxes, etc., divided by the total gross transmission plant. This rate is multiplied by the capital cost of the Network Upgrades (and Interconnection Transmission Owner's Interconnection Facilities) to determine the annual cost to the Interconnection Customer. These charges are assigned to Interconnection Customers when they receive their draft LGIA/SGIA and are charged – we believe – in accordance with each TO's Schedule 21 (as wholesale customers), e.g., National Grid labels this a Direct Assignment Facility charge.

Other than Central Maine Power, it is not immediately apparent how a future developer or interconnection customer would find the exact charge rate percentage that they would be assessed or how they could calculate the exact amount themselves, particularly as anecdotally each TO appears to use slightly different formulas. Often an interconnection customer does not

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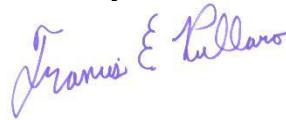
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find out the applicability of O&M charges, much less the magnitude of such charges, until receiving an initial draft LGIA/SGIA. If you do not think we have captured this correctly and/or feel we have misrepresented any of this or if these rates are available and we have just not found them, please correct our understanding.

To that end, we would appreciate your help completing the table in one of the attachments so that we can have the appropriate percentages to complete the assessment referenced above. We would welcome any additional thoughts or input either before or at the PTO-AC meeting.

Sincerely,



Francis Pullaro  
Executive Director

Attachments: O&M Transmission Charges Table  
Research into Assessment of O&M on Interconnection Customers  
Annual Transmission Charges (RENEW presentation)