Attachment AUC-AESO-024(a)

Tariff Extracts

- EUB Decision 2000-34, May 26, 2000
- EUB Decision 2001-49, June 1, 2001
- EUB Decision 2003-077, December 2, 2003
- EUB Order U2005-464, December 20, 2005
- ISO 2010 Tariff Compliance Filing, February 6, 2011
- AUC Decision 2011-333, August 4, 2011
the Exit Contribution (if applicable), or the TA’s reasonable estimate thereof, (or any portion thereof deemed appropriate), up to, in the aggregate, a maximum of the estimated costs of construction. The security shall be satisfactory to the TA in form and substance and the Construction Commitment Agreement shall be substantially in the form of the agreement attached hereto as Appendix "C". The security for the estimated Exit Contribution can be requested at any time after an application is made by the Customer for service or amendment to Contract Capacity, including after a System Access Service Agreement or amendment is executed, and during the term thereof.

8.2 In the event that, after a Construction Commitment Agreement is executed, the System Access Service and new transmission facilities are no longer required for any reason, the Customer shall pay all costs incurred in the procurement and construction of facilities to the date at which construction is ceased, plus all cancellation costs, penalties or other claims accrued due to the cessation, and costs required for material salvage and reclamation of the construction site.

8.3 The Customer for whom new transmission facilities were built must execute a System Access Service Agreement prior to Commissioning of the new facilities. System Access Service shall be provided on a temporary basis for Commissioning at the Rate Schedule named in the System Access Service Agreement, however, during Commissioning (only), the Metered Demand may, at the sole discretion of the TA, be disregarded in calculating the Ratchet Level for service under Rate Schedule DTS.

ARTICLE 9

CUSTOMER CONTRIBUTION POLICY

9.1 In considering requests to serve a new POD or POS or to increase the capacity of, or improve the existing standard of system access service at an existing POD or POS, the TA, in its sole discretion, will determine the appropriate means of delivering the requested service and the customer-related costs (borne by the customer subject to this Article 9) and the system-related costs (costs borne by all customers) incurred to provide the service.

9.2 When the TA has determined the customer-related cost in accordance with paragraph 9.1, a capital credit will be calculated in accordance with paragraph 9.3 and applied to determine the Customer Contribution.

9.3 The capital credit pursuant to paragraph 9.2 will be determined according to the following table in which the "minimum term" is the period commencing no earlier than the completion of the necessary facilities pursuant to paragraph 9.1.
ARTICLE 9
CUSTOMER CONTRIBUTION POLICY

9.1 In considering requests to provide service to a new POC, or to increase the capacity of, or improve the service to an existing POC, the Transmission Administrator will determine the appropriate means of delivering the requested service.

(a) If the Transmission Administrator determines that the most economic option for providing service to a Customer is a facility other than a transmission facility (such as a distribution-level extension or isolated generation), or that the Customer’s request primarily represents a shift of supply or demand from an existing POC, then the full cost of the transmission upgrade or extension (“the project”) shall be borne by the Customer.

(b) Otherwise, the Customer’s contribution to project costs shall be determined in accordance with Article 9.2 through 9.4.

9.2 Project costs will be classified as either system-related costs or Customer-related costs, as follows:

(a) The costs of that part of the project associated with Looped transmission extensions shall be classified as system-related costs, and shall be paid by the Transmission Administrator.

(b) The costs of that part of the project associated with Radial transmission extensions shall be classified as system-related if it is proposed in the transmission development plan (as that plan exists on the date the project is Commissioned) that the extension become Looped within five years. The Customer shall pay the cost of advancing that part of the project from the date established in the transmission development plan, which cost shall be calculated as the difference between the present values of the capital costs of the advanced and as-planned projects using the discount rate as determined under Article 9.12.

(c) Where economics or system planning dictate that a facility larger than that required to serve the Customer is to be installed initially, then the cost of that portion of the project deemed to be in excess of the Customer’s needs shall be classified as system-related. As the need to serve additional POCs arises, these system-related costs may be reclassified as Customer-related costs and allocated to the new Customers. The capacity between the Customer’s requirements and the minimum size of facilities required to serve the Customer is not considered to be in excess of the Customer’s requirements.
9.3 Customer-related costs will be classified as either supply-related costs or demand-related costs, as follows:

(a) The fraction of Customer-related costs classified as supply-related shall be \( \frac{\text{STS}}{\text{STS} + \text{DTS}} \), where \( \text{STS} \) and \( \text{DTS} \) are the STS and DTS Capacities, respectively, at the POC. All supply-related costs shall be paid by the Customer.

(b) The Customer-related costs not classified as supply-related costs shall be classified as demand-related costs. The Customer's contribution to demand-related costs shall be in accordance with Article 9.4.

9.4 The Customer's contribution to the demand-related costs shall be calculated as follows:

(a) \( \text{Customer contribution} = \text{demand-related costs} - \text{roll-in ceiling} \), where:

(i) \( \text{roll-in ceiling} = \text{commitment term amount} + \text{revenue-related amount} \);

(ii) \( \text{commitment term amount} = $400,000 \) for every one-year commitment term after the first five-year commitment term. A commitment term is a period within which the Customer commits to maintain its Contract Capacity at or above its initial Contract Capacity. The maximum commitment term amount is $6 million.

(iii) \( \text{revenue-related amount} = \) three times the levelized annual revenue from the new or expanded service, where the levelized revenue is determined based on the projected Contract Capacities that are contracted at the time of the calculation of the Customer contribution. The discount rate to be used in the calculation of the levelized annual revenue shall be that established under Article 9.12.

(b) If the calculation in (a) results in a negative Customer contribution, no Customer contribution is payable. The Transmission Administrator will make no payment to the Customer with respect to any excess of the roll-in ceiling over the demand-related costs.

9.5 Any Customer contribution to be paid to the Transmission Administrator must be paid prior to the Transmission Administrator initiating procurement of the required facilities,
ARTICLE 9
CUSTOMER CONTRIBUTION POLICY

9.1 In considering requests to provide service to a new POC, or to increase the capacity of, or improve the service to an existing POC, the AESO will determine the appropriate means of delivering the requested service.

(a) If the AESO determines that the most economic option for providing service to a Customer is a facility other than a transmission facility (such as a distribution-level extension or isolated generation), or that the Customer's request primarily represents a shift of supply or demand from an existing POC, then the full cost of the transmission upgrade or extension ("the project") shall be borne by the Customer.

(b) Otherwise, the Customer's contribution to project costs shall be determined in accordance with Article 9.2 through 9.4.

9.2 Project costs will be classified as either system-related costs or Customer-related costs, as follows:

(a) The costs of that part of the project associated with Looped transmission extensions shall be classified as system-related costs, and shall be paid by the AESO.

(b) The costs of that part of the project associated with Radial transmission extensions shall be classified as system-related if it is proposed in the transmission development plan (as that plan exists on the date the project is Commissioned) that the extension become Looped within five years. The Customer shall pay the cost of advancing that part of the project from the date established in the transmission development plan, which cost shall be calculated as the difference between the present values of the capital costs of the advanced and as-planned projects using the discount rate as determined under Article 9.12.

(c) Where economics or system planning dictate that a facility larger than that required to serve the Customer is to be installed initially, then the cost of that portion of the project deemed to be in excess of the Customer's needs shall be classified as system-related. As the need to serve additional POCs arises, these system-related costs may be reclassified as Customer-related costs and allocated to the new Customers. The capacity between the Customer's requirements and the minimum size of facilities required to serve the Customer is not considered to be in excess of the Customer's requirements.

(d) All costs not identified under (a), (b), or (c) shall be classified as Customer-related costs. If the project is to serve a Customer not taking
service under Rate DTS, then the Customer shall pay all Customer-related costs. Otherwise, the Customer’s contribution to Customer-related costs shall be determined in accordance with Articles 9.3 and 9.4.

9.3 Customer-related costs will be classified as either supply-related costs or demand-related costs, as follows:

(a) The fraction of Customer-related costs classified as supply-related shall be STS/(STS+DTS), where STS and DTS are the STS and DTS Capacities, respectively, at the POC. All supply-related costs shall be paid by the Customer.

(b) The Customer-related costs not classified as supply-related costs shall be classified as demand-related costs. The Customer’s contribution to demand-related costs shall be in accordance with Article 9.4.

9.4 The Customer’s contribution to the demand-related costs shall be calculated as follows:

(a) Customer contribution = demand-related costs − roll-in ceiling, where:

(i) roll-in ceiling = commitment term amount + revenue-related amount;

(ii) commitment term amount = $400,000 for every one-year commitment term after the first five-year commitment term. A commitment term is a period within which the Customer commits to maintain its Contract Capacity at or above its initial Contract Capacity. The maximum commitment term amount is $6 million.

(iii) revenue-related amount = three times the levelized annual revenue from the new or expanded service, where the levelized revenue is determined based on the projected Contract Capacities that are contracted at the time of the calculation of the Customer contribution. The discount rate to be used in the calculation of the levelized annual revenue shall be that established under Article 9.12.

(b) If the calculation in (a) results in a negative Customer contribution, no Customer contribution is payable. The AESO will make no payment to the Customer with respect to any excess of the roll-in ceiling over the demand-related costs.

9.5 Any Customer contribution to be paid to the AESO must be paid prior to the AESO initiating procurement of the required facilities, unless other credit
ARTICLE 9
CUSTOMER AND SYSTEM CONTRIBUTION POLICY

9.1 Service Requirements
In considering requests to provide service to a new POC, or to increase the capacity of or improve the service to an existing POC, the AESO will determine the appropriate means of delivering the requested service.

(a) If the Customer’s request primarily represents a shift of supply or demand from an existing POC, then the Customer will pay the full cost of the transmission upgrade or extension (“the project”)

(b) If the AESO determines that the most economic option for providing service to a Customer is a facility other than a transmission facility (such as a distribution-level extension or isolated generation), then the customer will pay the difference in cost between the most economic option and the transmission upgrade or extension in addition to any customer contribution required under Articles 9.3 through 9.6.

Otherwise:

(c) for a Point of Delivery Customer, the Customer’s contribution to project costs will be determined in accordance with Articles 9.3 through 9.6, and

(d) for a Point of Supply Customer, the Customer’s contribution to project costs will be determined in accordance with Articles 9.3 through 9.6, and the Customer’s System Contribution will be determined in accordance with Article 9.11.

9.2 Payment of Contributions
All Customer Contributions and System Contributions required under this Article 9 must be paid by the Customer before the start of construction of transmission facilities to provide the requested service. Payment must be made by way of electronic funds transfer or wire transfer to the bank account specified by the AESO.

9.3 Classification of System and Customer-Related Costs
The AESO will classify project costs as either system-related costs or Customer-related costs, as follows.

(a) For a Point of Delivery Customer, subject to Article 9.3(c), Customer-related costs are those costs of a contiguous project in respect of Radial transmission extensions and enhancements at existing adjacent substations. Such costs will normally include the point of interconnection, new transmission line, communication at the point of interconnection, communication enhancements at adjacent substations, a new breaker at an existing substation if required, and other enhancements required to complete the customer’s interconnection.

(b) For a Point of Supply Customer, subject to Article 9.3(c), Customer-related costs are those costs of a contiguous project in respect of Radial transmission extensions. Such costs will normally include the point of interconnection, new transmission line, communications at the point of interconnection back to the existing system, and a new breaker at an existing substation if required.

(c) System-related costs are those project costs associated with:
   (i) Looped transmission facilities;
(ii) Radial transmission extensions if the transmission development plan (as that plan exists on the date the project is Commissioned) proposes that the Radial transmission extension becomes Looped within five years. The Customer will pay the cost of advancing that part of the project from the date established in the transmission development plan, calculated as the difference between the present values of the capital costs of the advanced and as-planned projects using the discount rate as determined under Article 9.14; and

(iii) Where, in the sole opinion of the AESO, economics or system planning dictate that a facility larger than that required to serve the Customer is to be installed, then the AESO will classify that portion of the project deemed to be in excess of the Customer’s needs as system-related costs. As the need to serve additional POCs arises, these system-related costs may be reclassified as Customer-related costs and allocated to the new Customers. The capacity between the Customer’s requirements and the minimum size of facilities required to serve the Customer is not considered to be in excess of the Customer’s requirements.

(d) Where the Customer requests an interconnection configuration that, in the sole opinion of the AESO, exceeds AESO Standard Facilities, the Customer must pay all customer and system costs in excess of AESO Standard Facilities.

9.4 Prepaid Operations and Maintenance
For customers taking service under Rate DTS, a prepaid operations and maintenance charge of 12% will be added separately to the costs of:
(a) AESO Standard Facilities required to provide service to the customer where these costs are eligible for Local Investment determined in accordance with Article 9.6; and
(b) facilities which exceed the AESO Standard Facilities required to provide service to the Customer.

9.5 Determination of Supply-Related and Demand-Related Costs
Customer-related costs will be classified as either supply-related costs or demand-related costs, as follows:
(a) The fraction of Customer-related costs classified as supply-related shall be STS/(STS+DTS), where STS and DTS are the STS and DTS Contract Capacities, respectively, at the POC. All supply related costs shall be paid by the Customer.
(b) The Customer-related costs not classified as supply-related costs shall be classified as demand-related costs. The Customer’s contribution to demand-related costs shall be in accordance with Article 9.6.

9.6 Determination of Customer Contribution
Customers may be required to contribute toward demand-related costs. The Customer’s contribution to demand-related costs will be determined in accordance with this Article 9.6. Otherwise, the Customer must pay all demand-related costs.
ARTICLE 9
CUSTOMER AND SYSTEM CONTRIBUTION POLICY

9.1 Service Requirements
In considering requests to provide service to a new POC, or to increase the capacity of or improve the service to an existing POC, the AESO will determine the appropriate means of delivering the requested service.
(a) If the Customer’s request primarily represents a shift of supply or demand from an existing POC, then the Customer will pay the full cost of the transmission upgrade or extension (“the project”)
(b) If the AESO determines that the most economic option for providing service to a Customer is a facility other than a transmission facility (such as a distribution-level extension or isolated generation), then the customer will pay the difference in cost between the most economic option and the transmission upgrade or extension in addition to any customer contribution required under Articles 9.3 through 9.6.
Otherwise:
(c) for a Point of Delivery Customer, the Customer’s contribution to project costs will be determined in accordance with Articles 9.3 through 9.6, and
(d) for a Point of Supply Customer, the Customer’s contribution to project costs will be determined in accordance with Articles 9.3 through 9.6, and the Customer’s System Contribution will be determined in accordance with Article 9.11.

9.2 Payment of Contributions
All Customer Contributions and System Contributions required under this Article 9 as determined at the time the Customer executes the necessary agreements signifying commitment as per the AESO’s interconnection processes, must be paid by the Customer before the start of construction of transmission facilities to provide the requested service. Payment must be made by way of electronic funds transfer or wire transfer to the bank account specified by the AESO.

9.3 Classification of System and Customer-Related Costs
The AESO will classify project costs as either system-related costs or Customer-related costs, as follows.
(a) For a Point of Delivery Customer, subject to Article 9.3(c), Customer-related costs are those costs of a contiguous project in respect of Radial transmission extensions and enhancements at existing adjacent substations. Such costs will normally include the point of interconnection, new transmission line, communication at the point of interconnection, communication enhancements at adjacent substations, a new breaker at an existing substation if required, and other enhancements required to complete the customer’s interconnection.
(b) For a Point of Supply Customer, subject to Article 9.3(c), Customer-related costs are those costs of a contiguous project in respect of Radial transmission extensions. Such costs will normally include the point of interconnection, new transmission line, communications at the point of
interconnection back to the existing system, and a new breaker at an existing substation if required.

(c) System-related costs are those project costs associated with:
   (i) Looped transmission facilities;
   (ii) Radial transmission extensions if the transmission development plan (as that plan exists on the date the project is Commissioned) proposes that the Radial transmission extension becomes Looped within five years. The Customer will pay the cost of advancing that part of the project from the date established in the transmission development plan, calculated as the difference between the present values of the capital costs of the advanced and as-planned projects using the discount rate as determined under Article 9.14; and
   (iii) Where, in the sole opinion of the AESO, economics or system planning dictate that a facility larger than that required to serve the Customer is to be installed, then the AESO will classify that portion of the project deemed to be in excess of the Customer’s needs as system-related costs. As the need to serve additional POCs arises, these system-related costs may be reclassified as Customer-related costs and allocated to the new Customers. The capacity between the Customer’s requirements and the minimum size of facilities required to serve the Customer is not considered to be in excess of the Customer’s requirements.

(d) Where the Customer requests an interconnection configuration that, in the sole opinion of the AESO, exceeds AESO Standard Facilities, the Customer must pay all customer and system costs in excess of AESO Standard Facilities.

9.4 Operations and Maintenance
For customers taking service under Rate DTS, an operations and maintenance charge of 12% will be added separately to the costs of:
   (a) AESO Standard Facilities required to provide service to the customer where these costs are eligible for Local Investment determined in accordance with Article 9.6; and
   (b) facilities which exceed the AESO Standard Facilities required to provide service to the Customer.

9.5 Determination of Supply-Related and Demand-Related Costs
For each Customer at a substation, Customer-related costs will be classified as either supply-related or demand-related as follows:
   (a) supply-related costs shall be calculated as $\text{STS}_{\text{customer}} / (\text{STS}_{\text{total}} + \text{DTS}_{\text{total}})$, and
   (b) demand-related costs shall be calculated as $\text{DTS}_{\text{customer}} / (\text{STS}_{\text{total}} + \text{DTS}_{\text{total}})$

where STS and DTS are the STS and DTS Contract Capacities, respectively, at the substation. All supply-related costs shall be paid by the Customer. The Customer’s contribution to demand-related costs shall be in accordance with Article 9.6.
Applicability

1 This section applies to a market participant who has requested or is receiving system access service under:

   (a) Demand Transmission Service Rate DTS;

   (b) Primary Service Credit Rate PSC; or

   (c) Supply Transmission Service Rate STS.

Connection Costs

2 The costs of a connection project for a market participant will be those costs reasonably associated with facilities that:

   (a) an owner of a transmission facility will own and operate;

   (b) are required to:

      (i) provide system access service to a new point of delivery or point of supply; or
      (ii) increase the capacity of or improve system access service to an existing point of delivery or point of supply; and

   (c) are reasonably required to meet the market participant's:

      (i) demand and supply forecast; and
      (ii) reliability and operating requirements.

Classification of Participant-Related and System-Related Costs

3(1) All costs of a connection project will be classified as either participant-related or system-related.

(2) Participant-related costs will be those costs related to a contiguous connection project including costs associated with:

   (a) the connection substation for the point of delivery or point of supply, including in out line configurations, where required;

   (b) new radial transmission lines, including double-radial configurations, with only one (1) transmission source from the transmission system to the connection substation;

   (c) a share of existing transmission facilities that were constructed to connect another market participant, where the existing facilities originally began commercial operation within the past twenty (20) years and where the share is determined in accordance with subsection 3 of section 9 of the ISO tariff;
(d) line moves or burials of existing transmission line;

(e) communication at the point of delivery or point of supply;

(f) communication enhancements required at the nearest substation with communications equipment to allow direct communication between it and the connection substation;

(g) breakers and associated equipment required for the connection of the new radial transmission line to an existing substation;

(h) salvage labour required to remove existing transmission facilities to allow the installation of new or replacement facilities for a connection project, except where the cost of the removed facilities is treated as a capital maintenance cost by the owner of the transmission facility;

(i) changes to protection systems, equipment or settings related to the addition of a generating unit on an electric distribution system served through the connection substation;

(j) a remedial action scheme, if required;

(k) a phasor measurement unit, if required;

(l) the advancement of transmission facilities included as part of a critical transmission development or regional transmission system project under subsection 3(3)(b) below, calculated as the difference between the present values of the capital costs of the advanced and the as-planned facilities using the discount rate provided in subsection 11 below;

(m) facilities previously classified as system-related under subsection 3(3)(c) below and now reclassified as participant-related to meet the requirements of the connection project; and

(n) other facilities required to complete the market participant’s connection, including transmission facilities required to enable the market participant to meet all relevant technical requirements for the connection project.

(3) System-related costs will be those costs related to a connection project including non contiguous components of the project and any costs associated with:

(a) looped transmission facilities, which are facilities that increase the number of electrical paths between any two (2) substations, excluding the substation serving the market participant and which exclude any new radial transmission line;

(b) radial transmission facilities which, within five (5) years of commercial operation, are planned to become looped as part of a critical transmission development or regional transmission system project:

   (i) in the ISO’s most recent long-term transmission system plan;

   (ii) in a needs identification document filed with the Commission; or
(iii) as the ISO reasonably expects will be required in the future;

and

(c) transmission facilities in excess of the minimum size required to serve the market participant where, in the opinion of the ISO, economics or system planning support the development of such facilities.

Facilities in Excess of Good Electric Industry Practice

4 A market participant must pay, as part of the construction contribution, any participant-related costs of facilities which are deemed, in the opinion of the ISO, to be in excess of those required by good electric industry practice.

Valuation of Facilities for Contribution Determination

5(1) When calculating costs, equipment used for a connection project will generally be valued at the replacement cost new which is the current cost of similar new equipment having the nearest equivalent capability to the equipment being valued.

(2) Where a connection project involves the installation of a transformer that replaces a smaller transformer which was removed from service at a substation, the participant-related costs for the connection project:

(a) will be reduced by the replacement cost new of the removed transformer when the owner of the transmission facility either:

(i) deems the transformer which is removed to be re-deployable for use at another substation or suitable for use as an operating spare; or

(ii) treats the cost of the transformer which is removed as a capital maintenance cost;

or

(b) subject to subsection 5(2)(a) above, will not be reduced in any other circumstances including when the owner of the transmission facility scraps the transformer which is removed without treating its cost as a capital maintenance cost.

Allocation of Costs to Market Participants

6(1) The balance of participant-related costs remaining after:

(a) the exclusion of costs, if any, under subsection 4 above reflecting facilities in excess of those required by good electric industry practice; and

(b) the reduction of costs, if any, under subsection 5 above reflecting replacement of a transformer removed from service;
Applicability

1. This section applies to a market participant who has requested or is receiving system access service under:
   (a) Demand Transmission Service Rate DTS;
   (b) Primary Service Credit Rate PSC; or
   (c) Supply Transmission Service Rate STS.

Connection Costs

2. The costs of a connection project for a market participant will be those costs reasonably associated with facilities that:
   (a) an owner of a transmission facility will own and operate;
   (b) are required to:
      (i) provide system access service to a new point of delivery or point of supply; or
      (ii) increase the capacity of or improve system access service to an existing point of delivery or point of supply; and
   (c) are reasonably required to meet the market participant’s:
      (i) demand and supply forecast; and
      (ii) reliability and operating requirements.

Classification of Participant-Related and System-Related Costs

3(1) All costs of a connection project will be classified as either participant-related or system-related.

(2) Participant-related costs will be those costs related to a contiguous connection project including costs associated with:
   (a) the connection substation for the point of delivery or point of supply, including in out line configurations, where required;
   (b) new radial transmission lines, including double-radial configurations, with only one (1) transmission source from the transmission system to the connection substation;
   (c) a share of existing transmission facilities that were constructed to connect another market participant, where the existing facilities originally began commercial operation within the past twenty (20) years and where the share is determined in accordance with subsection 3 of section 9 of the ISO tariff;
(d) line moves or burials of existing transmission line;

(e) communication at the point of delivery or point of supply;

(f) communication enhancements required at the nearest substation with communications equipment to allow direct communication between it and the connection substation;

(g) breakers and associated equipment required for the connection of the new radial transmission line to an existing substation;

(h) salvage labour required to remove existing transmission facilities to allow the installation of new or replacement facilities for a connection project, except where the cost of the removed facilities is treated as a capital maintenance cost by the owner of the transmission facility;

(i) changes to protection systems, equipment or settings related to the addition of a generating unit on an electric distribution system served through the connection substation;

(j) a remedial action scheme, if required;

(k) a phasor measurement unit, if required;

(l) the advancement of transmission facilities included as part of a critical transmission development or regional transmission system project under subsection 3(3)(b) below, calculated as the difference between the present values of the capital costs of the advanced and the as-planned facilities using the discount rate provided in subsection 11 below;

(m) facilities previously classified as system-related under subsection 3(3)(c) below and now reclassified as participant-related to meet the requirements of the connection project; and

(n) other facilities required to complete the market participant’s connection, including transmission facilities required to enable the market participant to meet all relevant technical requirements for the connection project.

(3) System-related costs will be those costs related to a connection project including non contiguous components of the project and any costs associated with:

(a) looped transmission facilities, which are facilities that increase the number of electrical paths between any two (2) substations, excluding the substation serving the market participant and which exclude any new radial transmission line;

(b) radial transmission facilities which, within five (5) years of commercial operation, are planned to become looped as part of a critical transmission development or regional transmission system project:

(i) in the ISO’s most recent long-term transmission system plan;

(ii) in a needs identification document filed with the Commission; or
(iii) as the ISO reasonably expects will be required in the future;

and

(c) transmission facilities in excess of the minimum size required to serve the market participant where, in the opinion of the ISO, economics or system planning support the development of such facilities.

Facilities in Excess of Good Electric Industry Practice

4 A market participant must pay, as part of the construction contribution, any participant-related costs of facilities which are deemed, in the opinion of the ISO, to be in excess of those required by good electric industry practice.

Valuation of Facilities for Contribution Determination

5(1) When calculating costs, equipment used for a connection project will generally be valued at the replacement cost new which is the current cost of similar new equipment having the nearest equivalent capability to the equipment being valued.

(2) Where a connection project involves the installation of a transformer that replaces a smaller transformer which was removed from service at a substation, the participant-related costs for the connection project:

(a) will be reduced by the replacement cost new of the removed transformer when the owner of the transmission facility either:

(i) deems the transformer which is removed to be re-deployable for use at another substation or suitable for use as an operating spare; or

(ii) treats the cost of the transformer which is removed as a capital maintenance cost; or

(b) subject to subsection 5(2)(a) above, will not be reduced in any other circumstances including when the owner of the transmission facility scraps the transformer which is removed without treating its cost as a capital maintenance cost.

Allocation of Costs to Market Participants

6(1) The balance of participant-related costs remaining after:

(a) the exclusion of costs, if any, under subsection 4 above reflecting facilities in excess of those required by good electric industry practice; and

(b) the reduction of costs, if any, under subsection 5 above reflecting replacement of a transformer removed from service;