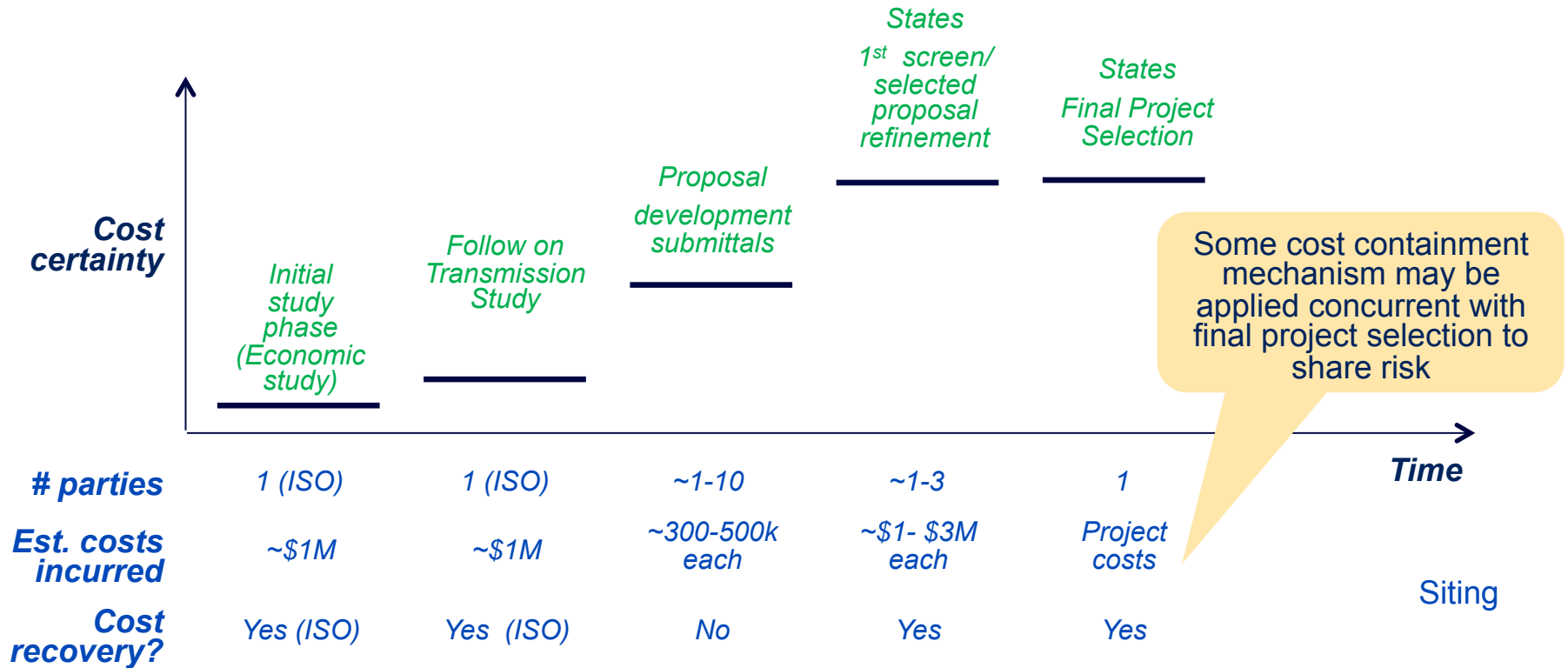


**NESCOE Order 1000  
Public Policy Framework**

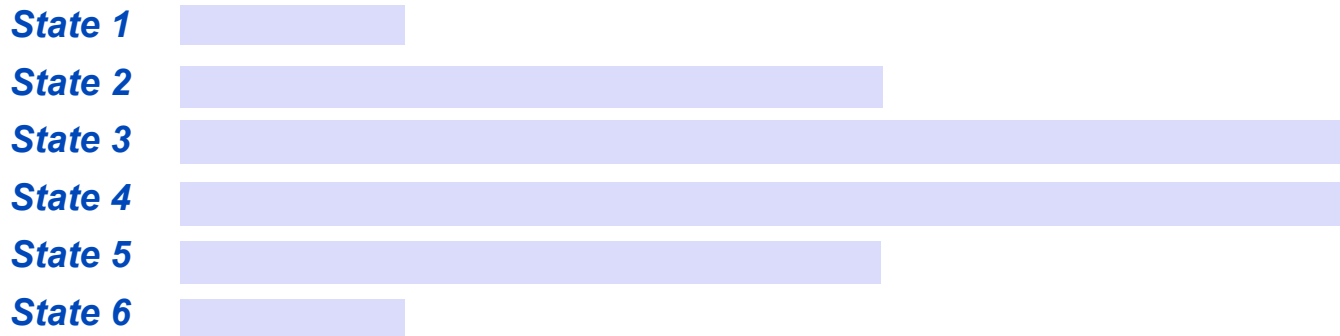
**Development Cost Recovery &  
Allocation – Illustration**

June 5, 2012

# Development Cost Recovery Illustration: cost recovery v. certainty



## State Opt In Opportunities at Each Stage (illustrative)



## NESCOE Development Cost Recovery Notes

- **All project proponents fund their initial high level proposals**
  - All project proponents treated comparably
- **Projects that are “short listed” may provide further detailed analysis & will receive greater cost certainty. Costs at this stage can be recovered at capped levels as set out in tariff, TBD.**
  - Costs recovered by ratepayers not unlimited
  - Costs shared by states that Opt In
- **Final project(s) states select for construction recover costs – some cost containment parameters may be included**
  - Costs shared by states that Opt In
  - Project developer files for state regulatory authority approval
  - States and/or developers may develop mechanism for holding project sponsors to cost certainty band in final selection. Project proponent assumes risk of exceeding cost estimate
  - Costs created by locality (e.g. undergrounding) assumed locally
- **A state that may not have Opted In early on, may Opt In at later stages if that state agrees to contribute recalculated cost sharing of development costs that were incurred during the time state was out, & cost sharing of future project costs as agreed to by states that have Opted in**

## Detailed NESCOE Framework to Illustrate Opt In Points Opt In Points in Royal Blue

