

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on February 20, 2014

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair  
Patricia L. Acampora  
Garry A. Brown  
Gregg C. Sayre  
Diane X. Burman

CASE 12-T-0502 - Proceeding on Motion to Examine Alternating  
Current Transmission Upgrades.

CASE 13-E-0488 - In the Matter of Alternating Current  
Transmission Upgrades - Comparative Proceeding.

ORDER AUTHORIZING MODIFICATION OF THE PROCESS TO ALLOW FOR  
CONSIDERATION OF ALTERNATIVE PROPOSALS

(Issued and Effective February 21, 2014)

BY THE COMMISSION:

INTRODUCTION

In its order instituting this proceeding, the Commission explained that constraints on the State's electric transmission system can lead to significant congestion that contributes to higher energy costs and reliability concerns.<sup>1</sup> It found that upgrading the system to reduce such congestion could enhance system flexibility and efficiency, reduce environmental and health impacts associated with electricity production, increase supply diversity, promote lower cost generation in

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<sup>1</sup> Case 12-T-0502, Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades, Order Instituting Proceeding (issued November 30, 2012).

upstate areas, and mitigate potential problems arising from generator retirements. The Commission noted, in particular, that the then recently-released New York Energy Highway Blueprint recommended system upgrades capable of providing approximately 1,000 MW of additional transmission capacity between upstate and downstate. The Blueprint called for efforts to be made to have some projects addressing the congestion problem under construction as early as 2014.

In pursuit of these objectives, the Commission solicited statements of interest from potential project developers, and directed Staff to formulate recommendations for a process that would lead to project-specific determinations. In subsequent orders, it defined that process, calling for preliminary submissions by project proponents, known as Part A filings, to be made by October 1, 2013.<sup>2</sup> These filings were to be followed by a "scoping" period during which comments would be received from interested parties and the administrative law judges (ALJs) would rule on the scope of the additional development work, and the time-frame, required to produce final, complete, Part B submissions.

The Commission also provided that proposals found to be compatible with the objectives of the Energy Highway Blueprint would be considered together in a comparative proceeding. Those not compatible could be "screened out." In particular, it stated that proposals lacking the potential to produce an increase in power transfer capability of at least

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<sup>2</sup> Case 12-T-0502, supra, Order Establishing Procedures for Joint Review Under Article VII of the Public Service Law and Approving Rule Changes (issued April 22, 2013), and Order Adopting Additional Procedures and Rule Changes for Review of Multiple Projects Under Article VII of the Public Service Law (issued September 19, 2012) (September Order).

1,000 MW across the targeted electrical interface known as UPNY/SENY, need not be considered.<sup>3</sup>

Ultimately, Part A submissions were made by four developers. Following the correction of various deficiencies identified in a preliminary review by Staff, the ALJs established a schedule for the filing of comments on the scoping process. Following the January 17, 2014, issuance by the Secretary of a notice indicating the Commission's intention to review the process in this case, the schedule for submission of comments was suspended to await further guidance from us.

#### DISCUSSION

Realization of the AC transmission upgrade goals of the Energy Highway Blueprint continues to be a key element of New York energy policy as reflected in the Draft State Energy Plan issued in December 2013.<sup>4</sup> Transmission congestion remains a costly burden to New York ratepayers and an impediment to the utilization and further development of cleaner or more efficient generation resources in the Upstate region. Our efforts to achieve the objectives of the Blueprint must, however, be undertaken in a manner that reflects, and, wherever possible, promotes, other important energy policy priorities.

The 2014 State of the State address included a proposal for a new process to expedite consideration of electric transmission projects that can be wholly contained within existing transmission rights-of-way or buried along existing State-owned rights-of-way such as waterways and highways. It

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<sup>3</sup> September Order, p. 12. Other potential screening criteria included failure to have commenced the NYISO study process, inadequate experience in the construction and operation of AC transmission lines, and cost to ratepayers.

<sup>4</sup> Shaping the Future of Energy, 2014 Draft New York State Energy Plan, p. 38 (retrieved from [energyplan.ny.gov/Plans/2014.aspx](http://energyplan.ny.gov/Plans/2014.aspx)).

called for the Commission to reduce the time required to evaluate such proposals in order to provide a clear financial incentive for the development of transmission projects that respect community interests and can be implemented quickly using existing rights of way and State-owned assets. The new process, when implemented, would apply only to projects that do not require permanent expansion of the right-of-way "envelope" with wider corridors or taller towers.

The expedited process proposed in the State of the State address is not directly applicable to this proceeding and will not be employed here. Nevertheless, we deem it to be essential that the record developed in the proceeding clearly demonstrate that a thorough effort has been made to elicit and examine potentially feasible alternatives for achieving the targeted congestion relief by means that would require no, or minimal, expansion of existing rights-of-way, so that, to the maximum extent possible, projects can be contained within the bounds of existing rights-of-way.

Consequently, we direct the ALJs to establish a process that will offer the current applicants an opportunity to submit alternatives to their existing proposals, incorporating, to the maximum extent possible, projects that can be contained within the bounds of existing rights-of-way.<sup>5</sup> We expect that a reasonably expeditious schedule will be established for this process so that the timetable for having upgraded AC transmission facilities in service will not be significantly impacted, if at all.

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<sup>5</sup> We emphasize that the proponents of such alternatives need not currently own or control the right-of-way proposed to be used. As we stated in our September Order, we will ensure that all applicants have reasonable access to rights-of-way for purposes of conducting studies and preparing cost estimates needed to complete their applications.

In addition, we are concerned that the requirement that each proposal, by itself, be capable of producing a 1,000 MW increase in transfer capability may have inhibited the offering of proposals for smaller projects that could efficiently and cost effectively contribute to the overall objective. Therefore, to allow for as broad a range of potential solutions as possible, we will accept proposals that contribute to the level of congestion relief we have targeted even if they do not, individually, provide the full 1,000 MW of additional transfer capability.

We emphasize, however, that we are not abandoning the goal of achieving a 1,000 MW increase in transfer capability across the UPNY/SENY interface. We are simply stating that achieving that goal will not be determinative with respect to any particular project. Our intent in making this change is to provide the ALJs greater flexibility to work with the parties to identify the best transmission projects that achieve our policy objectives in the most efficient and effective way possible. Ultimately, we will select the project or projects that best balance the objectives of reducing congestion; minimizing the cost and risk to ratepayers; and avoiding negative impacts on communities, property owners, and the environment.

The Commission orders:

1. The criteria previously established in this proceeding are modified to allow for the submission of project proposals providing less than 1,000 MW of increased transfer capability across the UPNY/SENY interface.

2. The presiding Administrative Law Judges are directed to establish a process that will allow the developers who have filed Part A applications to elect to submit alternative proposals that would require no, or minimal, expansion of existing rights-of-way, so that, to the maximum

extent possible, projects can be contained within the bounds of existing rights-of-way.

3. This proceeding is continued.

By the Commission,

KATHLEEN H. BURGESS  
Secretary