

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

CASE 20-E-0197 - Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act

**COMMENTS OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.
ON PETITION REQUESTING ADOPTION OF CRITERIA FOR GUIDING
EVALUATION WHETHER A BULK TRANSMISSION INVESTMENT SHOULD BE
DESIGNATED AS A PRIORITY TRANSMISSION PROJECT**

Pursuant to the Notice of Proposed Rulemaking published July 15, 2020,¹ the New York Independent System Operator, Inc. (“NYISO”) respectfully submits these comments on the petition filed by the Staff of the Department of Public Service (“DPS” or “Staff”) and the New York Power Authority (“NYPA”) proposing that the New York State Public Service Commission (“PSC” or “Commission”) adopt criteria for designating NYPA to develop bulk transmission investments found by the Commission to be needed expeditiously under the Accelerated Renewable Energy Growth and Consumer Benefit Act (“Act”) to achieve targets established by the Climate Leadership and Community Protection Act (“CLCPA”).² The NYISO is commenting on the petition to discuss the importance of transmission infrastructure in achieving the state’s climate change policy targets and to review the features and timing of its Public Policy Transmission Planning Process (“Public Policy Process”) for the Commission’s consideration in this proceeding and in implementing the Act. The priority project process and

¹ Case 20-E-0197, *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, Notice of Proposed Rulemaking, NYS Register, July 15, 2020, at 27-28.

² NYPA further petitioned the Commission to designate certain transmission projects in northern and western New York State as priority transmission projects. *Id.*; Petition Requesting Designation of Certain Priority Transmission Investments in Western New York as a Priority Transmission Project or in the Alternative Requesting the Public Service Commission to Direct the Construction of the Project Components by the Affected Utilities (July 2, 2020).

the NYISO's Public Policy Process can work in tandem to fulfill the significant needs for transmission infrastructure to achieve the state's climate change policies.

BACKGROUND

The Act calls for the PSC to “commence a proceeding to establish a bulk transmission investment program . . . that identifies bulk transmission system investments that the commission determines are necessary or appropriate to achieve the CLCPA targets (the state ‘bulk transmission investment plan’).”³ The PSC will “establish a prioritized schedule for implementation of the state bulk transmission investment plan, and in particular shall identify projects which shall be completed expeditiously to meet the CLCPA targets.”⁴

The Act provides that:

The commission shall utilize the state grid operator's public policy transmission planning process to select a project necessary for implementation of the state bulk transmission investment plan, and shall identify such projects no later than eight months following a notice of the state grid operator's public policy transmission planning process cycle, except that for those projects for which the commission determines there is a need to proceed expeditiously to promote the state's public policy goals, such projects shall be designated and proceed in accordance with subdivision five of this section.⁵

The Act authorizes NYPA to undertake the expeditious development of such bulk transmission investments, on its own or in partnership with others, found by the Commission to be needed expeditiously to achieve CLCPA targets.⁶ On July 2, 2020, the DPS and NYPA filed a petition requesting that the Commission adopt criteria to use in evaluating and prioritizing transmission

³ *Id.* at §7(4).

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at § 5.

needs, and determining which bulk transmission investments qualify as priority projects to be developed by NYPA under the Act.⁷

COMMENTS

A. Transmission Infrastructure is Key to Achievement of State Climate Change Policy Objectives.

As stated in the Act, achieving the state's climate change objectives will require additional transmission capacity in New York State to deliver renewable resources from upstate and northern regions, where those resources are and are expected to be predominantly located, to downstate regions where electricity demand within the state is greatest. In order to achieve its statewide objectives for renewable energy and carbon emissions reductions, New York will need additional transmission capability to deliver renewable resources within upstate New York to consumers throughout the state. Moreover, the proposed development of wind resources off the Atlantic coast will require additional transmission to deliver offshore wind resources to the larger New York electric grid via the Long Island and New York City transmission systems.

Transmission constraints are currently curtailing generation from existing wind resources in upstate New York, even as new wind and solar resources are actively being pursued. Although the Western New York and AC Public Policy Transmission Projects will improve the ability of clean energy from renewable generation in the western and northern regions of the state to flow to the largest region of energy demand in the lower Hudson Valley and New York City, congestion on the transmission system is expected to persist. Accordingly, the NYISO generally

⁷ NYPSC Case No. 20-E-0197, *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, Petition Requesting Adoption of Criteria for Guiding Evaluation of Whether a Bulk Transmission Investment Should Be Designated as a Priority Transmission Project, and for Designation of Certain Transmission Investments in Northern New York as a Priority Transmission Project (July 2, 2020).

supports the steps taken to further build out necessary transmission infrastructure in New York State.

The NYISO also continues to support the need for transmission infrastructure to support the state's offshore wind policy goals in southeastern New York State. In 2017, the NYISO conducted a technical feasibility assessment, at the request of DPS Staff, to evaluate the feasibility of a potential injection of up to 2,400 MW of offshore wind into New York City and Long Island by examining thermal bulk power transmission security.⁸ The development of resources off the Long Island coast to meet the 2.4 gigawatt ("GW") goal in the Commission's Offshore Wind Standard,⁹ and the more recent increased target of 9 GW target in the CLCPA, will drive the need for transmission to facilitate the delivery of wind power to customers on Long Island, the New York City metropolitan area, and New York State as a whole. The NYISO believes that the priority project process and the NYISO's Public Policy Process can work in tandem to fulfill the significant needs for transmission infrastructure to achieve the state's climate change policies.

B. The Public Policy Process Enables the NYISO to Solicit Competing Proposals and to Select the More Efficient and Cost Effective Transmission Project to Meet Public Policy Transmission Needs that are Eligible to Receive Cost Allocation and Cost Recovery of Selected Projects Under its Tariff.

In conjunction with any PSC designations of transmission projects as priority projects, the NYISO's Public Policy Process is an effective tool available for meeting the directives of the Act. The process for designating priority transmission projects can complement steps the PSC

⁸ New York Indep. Sys. Operator, Inc., Offshore Wind Injection Assessment (Dec. 1, 2017), available at <https://www.nyiso.com/documents/20142/1400973/OSW.pdf/c2ec9086-ea7b-f01c-66d6-ff4446a566fc>.

⁹ See generally, Case No. 18-E-0071, *Matter of Offshore Wind Energy*, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (Jul. 12, 2018).

takes to utilize the NYISO’s Public Policy Process to timely meet the transmission infrastructure buildout needed to meet the objectives of the CLCPA and the Act. Through its stakeholder process, and with approval of the Federal Energy Regulatory Commission (“FERC”), the NYISO has streamlined and improved its Public Policy Process. The NYISO’s updated process will enable the State to timely obtain expanded or additional transmission needed to achieve climate change policy goals through a competitive bidding process that allows for the selection of the more efficient and cost effective transmission projects for New York consumers. The NYISO notes that the Long Island Power Authority recently referred to the Public Service Commission a Public Policy Transmission Need for the delivery of offshore wind output on Long Island and from Long Island into New York City.¹⁰ Should the PSC issue a need, the NYISO will immediately commence its competitive process to solicit Developers to submit transmission projects to fulfill that need.¹¹

As the Commission considers whether projects should be designated as expeditiously needed priority transmission projects to satisfy the timing requirement in the Act in this proceeding, the NYISO provides the following information on the steps and duration of the NYISO’s process. Among the components of Order No. 1000, FERC required that transmission planning processes address needs driven by Public Policy Requirements.¹² The Public Policy Process consists of three main steps: (1) identification of Public Policy Transmission Needs; (2)

¹⁰ PSC Case No. 18-E-0623 – In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration for 2018, Letter of Rick Shansky to Chair John Rhodes (July 30, 2020).

¹¹ See OATT §§ 31.4.2.3 (identification and determination of transmission needs within the Long Island Transmission District).

¹² See *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011) (“Order No. 1000”), *order on reh’g and clarification*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012) (“Order No. 1000-A”), *order on reh’g and clarification*, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”). For convenience, unless otherwise specified, references these comments to “Order No. 1000” should be understood to encompass Order Nos. 1000, 1000-A, and 1000-B.

requests for proposed Public Policy Transmission Projects and Other Public Policy Projects and the evaluation of the viability and sufficiency of proposed transmission and non-transmission projects to address the Public Policy Transmission Needs; and (3) evaluation and selection of the more efficient or cost-effective Public Policy Transmission Project, if any, to satisfy each Public Policy Transmission Need to be eligible for cost allocation under the ISO OATT.

In the identification step, the NYISO solicits proposals for transmission needs driven by Public Policy Requirements, and submits those proposed needs to the PSC and, for the Long Island Transmission District, to the Long Island Power Authority.¹³ The PSC determines Public Policy Transmission Needs that are driven by Public Policy Requirements¹⁴, including needs on Long Island for which LIPA seeks cost allocation and cost recovery outside of Long Island.¹⁵ The PSC may also provide: (i) additional criteria for the evaluation of transmission solutions and non-transmission projects, (ii) the required timeframe, if any, for completion of the proposed solutions, and (iii) the types of analyses that it will request from the NYISO.¹⁶

The NYISO solicits proposed solutions¹⁷, and qualified Developers¹⁸ submit detailed Public Policy Transmission Projects and Other Public Policy Projects to satisfy the identified Public Policy Transmission Needs.¹⁹ All submissions, regardless of project type, are evaluated

¹³ OATT § 31.4.2.1.

¹⁴ A Public Policy Requirement is a federal or state law or regulation, including a PSC rulemaking order, that drives the need for additional transmission capability in the state. OATT § 31.1.

¹⁵ OATT § 31.4.2.3. If the PSC does not identify any transmission needs driven by Public Policy Requirements, it will provide confirmation of that conclusion to the ISO, and the ISO shall not request solutions. OATT § 31.4.2.1.

¹⁶ OATT § 31.4.2.1.

¹⁷ OATT § 31.4.3. The PSC and LIPA may also request the appropriate Transmission Owners or Other Developers to propose a Public Policy Transmission Project. OATT § 31.4.3.2.

¹⁸ The NYISO conducts a Developer qualification process that is based upon Developers' prior experience completing transmission projects, financial resources and technical expertise. OATT § 31.4.4.1.

¹⁹ OATT §§ 31.4.4.3., 31.4.5.

for their viability and sufficiency to meet the Public Policy Transmission Needs.²⁰ The NYISO then evaluates the proposed Public Policy Transmission Projects seeking regulated cost recovery that have satisfied the viability and sufficiency requirements and ranks them based on the quality of their satisfaction of numerous metrics.²¹ These measurements include project capital cost, capital cost containment, performance, operability, and expandability.²² The NYISO engages independent consultants to assist in its comprehensive analyses.²³ Based on this evaluation, the NYISO ranks projects in accordance with their satisfaction of the criteria,²⁴ and the Board of Directors may select the more efficient or cost effective regulated Public Policy Transmission Project to satisfy the Public Policy Transmission Need(s).²⁵ The NYISO issues its findings through a Public Policy Transmission Planning Report that is thoroughly vetted with stakeholders, policymakers, and all interested parties.²⁶

C. The NYISO has Successfully Utilized the Public Policy Process to Select Efficient and Cost-Effective Transmission Projects that Achieves State Public Policy Goals

As depicted on the map below, the NYISO has implemented its Public Policy Process to satisfy two Public Policy Needs identified by the PSC with transmission projects that are underway. In October 2017, the NYISO's Board of Directors selected a proposal from NextEra to address the public policy need for new transmission in Western New York.²⁷ The Commission

²⁰ OATT §§ 31.4.6.3 – 31.4.6.5.

²¹ OATT § 31.4.8.

²² OATT §§ 31.4.8.1. – 31.4.8.2.

²³ OATT § 31.4.8. The NYISO and its independent market monitoring unit also evaluate the impact of proposed transmission projects on its competitive wholesale electric markets. OATT §§ 31.4.10, 31.4.11.2.

²⁴ OATT § 31.4.8.1.

²⁵ OATT § 31.4.11, 31.4.11.2. If the NYISO's Board of Directors determines not to select a Public Policy Transmission Project, the Board shall state the reasons for its determination. OATT § 31.4.11.2.

²⁶ OATT § 31.4.11.

²⁷ The Western New York Public Policy Transmission Planning Report can be obtained at the following link: <https://www.nyiso.com/documents/20142/2892590/Western-New-York-Public-Policy-Transmission-Planning-Report.pdf/d3f62964-2e2d-588c-2da4-9aa33bb5470b?t=1541702788476>

identified this need to support the state's goal to more fully utilize renewable energy from the Robert Moses Niagara Hydroelectric Power Station as well as imports from Ontario.²⁸ In April 2019, the NYISO's Board of Directors selected a joint proposal by North American Transmission and the New York Power Authority (NYPA) for Segment A, and the joint proposal by National Grid and New York Transco for Segment B.²⁹ The PSC identified a Public Policy Transmission Need to relieve congestion on the Central East (Segment A) and the interfaces between upstate and southeastern New York (Segment B), which run from central New York, through the Capital Region, to the lower Hudson Valley.³⁰ When completed, these projects will add the largest amount of free-flowing transmission capacity to the New York bulk power system in more than 30 years.

²⁸ PSC Case No. 14-E-0454, In the Matter of the New York Independent System Operator, Inc.'s Proposed Public Policy Transmission Needs for Consideration, *Order Addressing Public Policy Requirements for Transmission Planning Purposes* (issued July 15, 2015); *id.*, *Order Addressing Public Policy Transmission Need for Western New York* (October 13, 2016).

²⁹ The Board of Directors' decision can be found at the following link:
<https://www.nyiso.com/documents/20142/1390750/Board-Decision-AC-Transmission-2019-04-08.pdf/32323d32-f534-a790-1b03-2cb110033320>

The AC Transmission report can be obtained at the following link:
<https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2>

³⁰ PSC Case No. 12-T-0502, *et al.*, Proceeding on Motion of the Commission to Examine Alternative Current Transmission Upgrades, *Order Finding Transmission Needs driven by Public Policy Requirements* (December 17, 2015); *id.*, *Order Addressing Public Policy Transmission Need for AC Transmission Upgrades* (January 24, 2017).

D. The NYISO has Streamlined and Improved its Public Policy Process to Solicit, Evaluate and Select Efficient and Cost Effective Transmission Projects

In 2018, the NYISO undertook an initiative to examine how to improve its Comprehensive System Planning Process (CSPP) to be more responsive to evolving reliability, economic, and public policy needs. Over the last two years, FERC has approved new provisions to streamline the process of NYISO evaluation and selection from among competing transmission projects.³¹ Although the PSC can decide to rescind or modify a Public Policy Transmission Need at any time, it no longer has to issue a second order confirming the need after the NYISO determines the viability and sufficiency of proposed transmission projects and before the NYISO may the winning project.³² To provide that Developers have a clear understanding of the transmission need and the manner in which the NYISO will apply its criteria for selection of transmission projects, the NYISO added a technical conference to its process preceding its solicitation of solutions.³³ The NYISO has further aligned the project information requirements of the Public Policy Process and its interconnection processes to expedite consideration of proposed projects in both processes.³⁴ Finally, the NYISO adopted tariff amendments that allow

³¹ New York Independent System Operator, Inc., Docket No. ER19-528-000, *Order Accepting Tariff Filing*, 166 FERC ¶ 61,099 (February 8, 2019).

³² OATT § 31.4.6.7 (NYPSC's Modification or Elimination of a Public Policy Transmission Need).

³³ OATT § 31.4.4.3.1.

³⁴ OATT § 31.4.4.3.4.

transmission developers to propose, and enable the NYISO to consider, binding cost containment commitments³⁵ for the capital costs of transmission projects.³⁶

Following adoption of these changes, the NYISO outlined an estimated timeline to complete the Public Policy Process approximately 18 months following the PSC’s identification of a Public Policy Transmission Need. The NYISO is committed to meeting these estimated timeframes to the extent practicable.³⁷

³⁵ New York Independent System Operator, Inc., Docket No. ER20-617-000, *Order Accepting Tariff Revisions*, 170 FERC ¶ 61,098 (February 14, 2020).
https://nyisoviewer.etariff.biz/ViewerDocLibrary/FercOrders/0200214%20Ordr%20Accpt%20Cst%20Ctnmnt%20PPTPP%20Rvsns%20ER20-617-000_24698.pdf

See NYISO Open Access Transmission Tariff (“OATT”) §§ 31.1.1 (definition of “Cost Cap”) 31.4.5.1.8 (Developer proposal of Cost Cap); 31.4.8.2 (NYISO consideration of Cost Cap); 31.4.8.3 (Developer must abide by Cost Cap and put it in Development Agreement); 6.10.6 (Developer must include Cost Cap in rate filing).
<https://nyisoviewer.etariff.biz/ViewerDocLibrary//Filing/Filing1650/Attachments/20200818-NYISOPttmDclrtryOrdr.pdf>

³⁶To resolve one remaining area of uncertainty, the NYISO recently filed a petition for declaratory order to the FERC seeking confirmation of the right of Transmission Owners, to build, own, operate and recover the costs of upgrades to their existing transmission facilities. New York Independent System Operator, Inc., Docket No. EL20-65-000, *Petition for Declaratory Order of the New York Independent System Operator, Inc.* (August 18, 2020).
<https://nyisoviewer.etariff.biz/ViewerDocLibrary//Filing/Filing1650/Attachments/20200818-NYISOPttmDclrtryOrdr.pdf>

³⁷ The actual timeline to complete the NYISO process for a specific Public Policy Transmission Need depends on many factors, including the PSC process, complexity of the needs and proposals, number of needs identified, number of proposals submitted, and review by stakeholders and NYISO Board of Directors.

Illustrative Timeline Following Need Identification

Major Steps	Responsible Entity	Process Steps	Requirement	Estimated Months by NYISO
Solicitation of Solutions	NYISO	Prepare baseline analysis	OATT	3
		Hold technical conference	OATT	
		Issue solicitation for solutions	OATT	2
		Solutions due in 60 days	OATT	
Viability and Sufficiency Assessment	NYISO	Perform Viability & Sufficiency Assessment	OATT	4
		Stakeholder review	OATT	
		Final Viability & Sufficiency Assessment filed with PSC	OATT	
Evaluation and Selection	NYISO	Evaluate transmission solutions and issue draft report	OATT	6
		Stakeholder review	OATT	3
		Board review and action	OATT	

In determining the designation of transmission needs as either priority projects needed expeditiously or as needs for consideration in the Public Policy Process, the PSC should consider whether transmission needed to meet the CLCPA’s 2030 and 2040 goals must be completed more quickly than the cumulative time expected by the NYISO’s streamlined Public Policy Process, the Commission’s siting process under Public Service Law Article VII, and construction and entry into service. Considering typical schedules for siting processes, engineering, procurement, and construction, the NYISO estimates that the total timeline for projects pursued through the NYISO Public Policy Process from the PSC’s declaration of a need to entry of a transmission project into service could span approximately five to six years.³⁸

E. Identifying New Public Policy Transmission Needs to Meet New York’s Climate Change Targets

The start of the 2020-2021 cycle of the NYISO’s Public Policy Process provides a timely opportunity for the PSC to identify Public Policy Transmission Needs to achieve the CLCPA

³⁸ This timeframe is an estimate that is highly dependent on many factors through the evaluation process, siting and permitting processes, engineering, procurement and construction.

goals that dovetails with the identification of bulk transmission investments by DPS. The NYISO initiated its 2020-2021 cycle on August 3, 2020 by issuing a new solicitation for proposed transmission needs driven by public policy requirements, due October 2, 2020.³⁹ Immediately thereafter, the NYISO will submit any proposed Public Policy Requirements and needs it receives to the Commission for its consideration through the public notice and comment process. Should the PSC identify a transmission need, the NYISO would immediately commence the remaining process steps as described in the illustrative timeline above.

CONCLUSION

The addition of transmission infrastructure is essential to achieving New York State's climate change policy targets under the CLCPA and the Accelerated Renewable Energy Growth and Community Benefit Act. The priority project process and the NYISO's Public Policy Process can work in tandem to fulfill these significant transmission needs. The NYISO looks forward to continuing its work with the PSC to address the state's infrastructure needs.

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Respectfully submitted,

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³⁹ See Notice, posted at: <https://www.nyiso.com/documents/20142/1406936/2020-2021-Notice-Requesting-Proposed-PPTNs-20200731.pdf/fe90e0d5-3bdc-4fea-bbc4-fe27ccef8b65>. The PSC may also request that the NYISOP conduct the Public Policy Process outside the regular biennial process cycle. OATT § 31.4.2.