

January 19, 2021

VIA ELECTRONIC DELIVERY

Honorable Michelle L. Phillips, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: 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

Utilities’ Comments on the Department of Public Service Staff’s Supplement to Utility Transmission and Distribution Investment Working Group Report and Presentations at the November 23, 2020 Technical Conference

Dear Secretary Phillips:

The Utilities¹ hereby submit comments² on the Department of Public Service (DPS) Staff’s supplement to the November 2, 2020 Utility Transmission and Distribution Investment Working Group Report³ and the November 23, 2020 technical conference in the above-referenced proceeding. The Utilities (1) urge adoption of their proposed cost recovery approach for a first phase of projects that immediately satisfy reliability, safety, and compliance purposes as well as addressing bottlenecks in renewable energy delivery by utilities, (2) note that more details are needed to assess the merits and overall feasibility of a Public Service Commission-jurisdictional approach for sharing the costs of later projects, and (3) emphasize the proposed investments described in the Utilities’ Report are critical to successfully integrate the renewable resources needed for New York to achieve the Climate Leadership and Community Protection Act’s (CLCPA) clean energy goals.

¹ The Utilities are Central Hudson Gas & Electric Corporation. (Central Hudson); Consolidated Edison Company of New York, Inc. (CECONY); Long Island Power Authority (LIPA); Niagara Mohawk Power Corporation d/b/a National Grid (National Grid); New York State Electric & Gas Corporation (NYSEG); Orange & Rockland Utilities, Inc. (O&R); and Rochester Gas and Electric Corporation (RG&E) (collectively, Utilities). Throughout this document, when referring to a single or generic company the term “utility” will not be capitalized.

² New York State Register (November 18, 2020), I.D. Nos. PSC-46-20-00008-P, pp. 16-17. Pursuant to this New York State Register entry, public comments are due January 19, 2021.

³ 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* (Transmission Planning Proceeding), Utility Transmission and Distribution Investment Working Group Report (November 2, 2020) (Utilities’ Report).

Procedural Background

The Utilities filed their report in fulfilment of the Commission’s May 2020 directive.⁴ On November 18, 2020, DPS Staff filed a supplement⁵ in response to the Utilities’ Report in which it proposed an additional mechanism for the recovery of costs of relieving local transmission and distribution (LT&D) system constraints and facilitating the interconnection and delivery of incremental renewable generation resources throughout New York. Later that month, DPS Staff hosted a technical conference⁶ to present preliminary results of the transmission and distribution system studies being conducted by DPS, the New York State Energy Research and Development Authority (NYSERDA), and the Utilities as required under the Accelerated Renewable Energy Growth and Community Benefit Act (the Act).⁷ Both the Staff Supplement and the Technical Conference discussions underscored the need for thoughtful investment in LT&D infrastructure to support the integration of renewable resources, with consideration for regulatory models that will support sustainable investment statewide.

Cost Recovery for CLCPA-Driven LT&D Projects (Phase 1)

As discussed in their report, the Utilities request that the Commission: (1) approve Phase 1⁸ projects not included in current or pending rate cases;⁹ (2) allow for Phase 1 projects to be treated as incremental investments to currently approved rate case budgets; and (3) allow each utility to recover Phase 1 costs from its retail customers. The Utilities urged that the Commission should address the manner in which each utility will recover Phase 1 costs in future individual rate cases or in separate petitions.¹⁰

The Utilities’ Report also emphasizes the immediate and material benefits to renewable generation of Phase 1 projects. One of the Utilities’ key selection criteria for these projects was whether they could be developed expeditiously. The Utilities note that a protracted regulatory process for Phase 1 projects will delay their implementation and the benefits they will afford developers and customers. A protracted regulatory process will also delay the implementation of the Phase 2 projects and, thus, the timely achievement of New York’s clean energy goals.

⁴ Transmission Planning Proceeding, Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act (issued May 14, 2020) (May Order).

⁵ Transmission Planning Proceeding, Supplement to Utility Transmission and Distribution Investment Working Group Report (Staff Supplement) (November 17, 2020).

⁶ Transmission Planning Proceeding, Notice of Technical Conference (issued November 5, 2020).

⁷ New York Public Service Law §§ 162, 123 and 126.

⁸ The Utilities’ Report defines Phase 1 Projects as “immediately actionable projects that satisfy Reliability, Safety, and Compliance purposes but that can also address bottlenecks or constraints that limit renewable energy delivery within a utility’s system.” Transmission Planning Proceeding, Utilities’ Report, p. 2.

⁹ The NYSEG and RG&E Phase 1 projects include projects designated as “Phase 1+,” which entail “[i]ncremental upgrades to existing planned projects in order to achieve an enhanced renewable resource integration benefit.” Transmission Planning Proceeding, Utilities’ Report, p. 192.

¹⁰ CECONY, for example, filed a petition on December 30, 2020 seeking approval to recover costs of its Phase 1 transmission projects. See Case 19-E-0065, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service*, Petition of Consolidated Edison Company of New York, Inc. for Approval to Recover Costs of Certain Transmission Reliability and Clean Energy Projects (December 30, 2020).

Phase 2 Project Cost Allocation

The Utilities are pleased that Staff supports a load ratio share allocation of financial responsibility for meeting the CLCPA mandates.¹¹ In addition, the Staff Supplement notes that the Utilities' Report described four practical cost-sharing approaches for supporting CLCPA-driven Phase 2¹² LT&D projects: (1) a rate-case based approach; (2) voluntary agreements among the Utilities; (3) payments by NYSERDA; and (4) renewable generator sponsorship of project costs. The Staff Supplement offers an additional proposal "through which both the prudently-incurred costs of CLCPA-driven local transmission investments and any compensating transfers among the Utilities are recovered solely through Commission-jurisdictional retail rates."¹³ The Utilities do not take a position on Staff's proposed retail charge concept but note that more details are required to assess the merits and overall feasibility of this approach.

Technical Conference and Preliminary Study Results

During the November 23, 2020 Technical Conference, consultants to DPS Staff and NYSERDA presented a New York offshore wind integration study¹⁴ and an analysis of the requirements needed to achieve a zero-emission electric grid in New York State by 2040.¹⁵ Both studies addressed bulk transmission developments that will enable the integration of large-scale clean resources to meet the State's environmental mandates. However, both sets of findings explicitly rely on the timely completion of LT&D projects that are needed to relieve congestion and reduce curtailments. In other words, if the LT&D projects are not timely constructed and in service, the value to customers of new bulk transmission investments and renewable generation will be limited. In addition, neither study considered the physical feasibility of their proposed points of interconnection or identified transmission upgrades. Addressing these issues may likewise require the completion of LT&D projects to achieve the anticipated outcomes. As such, both studies demonstrate that the proposed investments described in the Utilities' Report are critical to successfully integrate the renewable resources needed for New York to achieve the CLCPA's clean energy goals.

For example, PowerGEM notes that a base assumption for its analysis of offshore wind integration is that local projects identified in the Utilities' Local Transmission Plans (LTPs) and

¹¹ The Utilities' Report notes that load ratio share cost allocation would not necessarily be appropriate for *all* project costs but should apply to *incremental* costs associated with achieving CLCPA benefits: "[t]he incremental cost of utility projects prioritized to support CLCPA mandates should be eligible for load ratio share cost allocations." Transmission Planning Proceeding, Utilities' Report, p. 3.

¹² The Utilities' Report states that Phase 2 Projects "may increase capacity on the local transmission and distribution system to allow for interconnection and delivery of new renewable generation resources within the utility's system. These projects are not currently in the utility's capital plans. Phase 2 projects tend to have needs cases that are driven primarily by achieving CLCPA targets." See Transmission Planning Proceeding, Utilities' Report, p. 2.

¹³ Transmission Planning Proceeding, Staff Supplement, pp. 6-7.

¹⁴ Transmission Planning Proceeding, New York Offshore Wind Integration Study, DNV-GL, PowerGEM, and WSP (Offshore Wind Integration Preliminary Results) (November 23, 2020).

¹⁵ Transmission Planning Proceeding, Zero-Emission Electric Grid in New York State by 2040, Siemens AG (Zero Emissions Grid Presentation) (November 23, 2020).

through the Public Policy Transmission Needs (PPTN) analysis are completed.¹⁶ PowerGEM also states that substation upgrades in Zones I, J, and K may be required to interconnect the full amount of offshore wind at the points of interconnection it identified in the study. Further, the PowerGEM study was conceptual and therefore did not evaluate physical feasibility of the suggested interconnection points. The Utilities can build on the study results by examining the physical feasibility and other project interconnections to further refine the optimal plan for integrating the full 9,000 MW of offshore wind.¹⁷

Likewise, Siemens noted the need for local transmission investments to relieve constraints in certain areas. For instance, Siemens' modeling indicates that, absent new investment, significant curtailments could be required at sub-transmission levels. Siemens observed that approximately "85% of the congestion identified in the NYISO CARIS 70x30 analysis was at the 115 kV level."¹⁸ Siemens' modeling "assumed that sub-transmission issues were dealt with separately," thereby illustrating the fundamental need for LT&D investment to support the integration of clean energy resources. In other words, the Zero Emissions Grid Presentation recognized that there is a clear interdependence between the local and bulk transmission system upgrades: without resolving the congestion and curtailments on the LT&D system, the value to customers of new bulk transmission investments and renewable generation will be limited. This critical assumption inherent in both studies clearly illustrates the necessity of the proposed investments described in the Utilities' Report.

Conclusion

The Utilities continue to support cost-effective transmission and distribution investments that advance the State's environmental policy goals, including those in the CLCPA and urge the Commission to promptly approve the Phase 1 projects identified in the Utilities' Report. The Utilities appreciate the opportunity to comment on the Staff Supplement and to emphasize the recognition among DPS Staff and NYSERDA's consultants that the LT&D investments identified in the Utilities' Report are critical to successfully integrate the renewable resources required for New York to enable an emissions-free electric grid by 2040.

Respectfully submitted on behalf of the Utilities,

/s/ Tae Kim
Tae Kim

¹⁶ Transmission Planning Proceeding, Offshore Wind Integration Preliminary Results, p. 9.

¹⁷ For example, CECONY notes that the substation upgrades identified in its own study (i.e., Clean Energy Hubs) are consistent electrically with the interconnection points developed by PowerGEM, and simultaneously address physical feasibility issues.

¹⁸ Transmission Planning Proceeding, Zero Emissions Grid Presentation, p. 21.