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January 19, 2021

BY ELECTRONIC MAIL

Hon. Michelle L. Phillips
Secretary to the Commission
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

COMMENTS

The New York State Energy and Research and Development Authority (NYSERDA) submits the following comments regarding the [Utilities Transmission and Distribution Investment Working Group Report](#), filed on November 2, 2020 in the above-referenced proceeding (Utility Report). NYSERDA's comments address two aspects of the Utility Report: (1) the Utility analysis and proposals regarding specific transmission conditions and needs, and (2) the proposed regulatory framework for cost recovery.

The Utility Analyses/Complementary Assessments

In NYSERDA's view, the Utility Report and the analyses it includes constitute a positive step toward preparing the New York State power system to meet the state's clean energy targets, as outlined in the Climate Leadership and Community Protection Act (CLCPA). At the same time, in the context of its role as the central procurement administrator for the Clean Energy Standard (CES), NYSERDA has developed additional assessments and analyses that complement and expand upon the findings in the Utility Report. These assessments and analyses include:

- Complementary analyses of the existing and projected renewable generation projects included in the Utility Report and awarded in NYSERDA's solicitations to date.
- Evaluations of the impact of renewable projects under NYSERDA's future clean energy procurements (Tier 1, Tier 4 - 2021 – 2026).

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- The DPS Staff and NYSERDA’s [White Paper on Clean Energy Standard Procurements to Implement New York’s Climate Leadership and Community Protection Act](#) (White Paper) and the associated annual procurement targets and projected additional capacity additions to specific NYISO Zones.
- Review of current developments in NYSERDA’s Energy Storage program.
- Review of other publicly available market information (e.g., NYISO’s 2019 Congestion Assessment and Resource Integration Study (CARIS) Report, June 2020).

Based on these additional assessments and analyses, NYSERDA offers the following recommendations in addition to those contained within the Utility Report:

- 1) To achieve New York State’s interim goal of 70% renewable generation by 2030 and a zero-emission electricity system by 2040, a substantial amount of renewable capacity will need to be developed across the State. The Public Service Commission (Commission) should prioritize improvements in areas in which existing renewables are sited and where future renewable generation is under development and should prioritize transmission and distribution projects associated with local transmission deliverability concerns related to generation by these projects. Specifically, the Commission should prioritize the following areas and should require the development of high-quality cost estimates to determine the cost of incremental headroom for projected renewable generation on an accelerated timeline in addition to those proposed in the Utility Report:

- (a) Avangrid’s Genesee Valley, Hornell and South Perry, Elmira and Bath, and Ithaca local transmission areas (corresponding roughly to the CARIS Z1 generation pocket). While the Utility Report identifies specific transmission projects that would help alleviate congestion in these areas, NYSERDA recommends further assessment of potential curtailments associated with specific local transmission lines and constraints. In addition, to address the immediate needs in the Hornell and South Perry regions, the Commission should expeditiously approve Avangrid’s proposed “Hornell, Elmira, & Bath Phase 2 Reinforcement–Phase 2 component” project. This project is projected to create 500 MW of incremental headroom which will be needed to alleviate congestion and curtailment issues that may persist even after the development of the proposed Phase 1 projects. Avangrid’s proposed Phase 1 reinforcements for this area appear to yield no more than 330 MW of incremental headroom, far less than what may be necessary to accommodate the full pipeline of proposed renewable resources expected in this area¹. Further, the transmission system in this area also provides flow-through

¹ November 2020 NYISO interconnection queue accessed via <https://www.nyiso.com/interconnections> includes over 650 MW of projects slated for this area, which also includes Howard Wind, an 83 MW wind project under contract to NYSERDA.

capacity for upstream Southwest, Genesee and Genesee Valley areas, meaning that the estimated 330 MW headroom capacity created by Phase 1 projects may be further reduced.

- (b) National Grid's Watertown/Oswego/Porter sub-zone (corresponding roughly to the CARIS X2 and X3 generation pockets). National Grid's proposed Phase 1 projects will not offer sufficient improvements to accommodate the pipeline of proposed renewable generators in this area. While National Grid's proposed Phase 2 projects could further increase the amount of headroom needed in these areas, renewable energy projects in development in this area and under contract with NYSERDA are expected to come online well in advance of these proposed Phase 2 projects' 2025-2035 in-service dates. NYSERDA requests that the Commission prioritize and accelerate the transmission and distribution (T&D) projects identified for these areas and ensure that the T&D projects are sized appropriately for the expected level of renewable generation, the temporal profile of expected renewable generation, and the technology types of the renewable generation in development.
- (c) Avangrid's Berkshire and Mechanicville, National Grid's Albany South and Capital Northeast, and Central Hudson's Northwest transmission areas (corresponding roughly to CARIS generation pockets Y1 and Y2). Renewable development in these areas will require transmission needs which are much more immediate than the estimated in-service dates of the proposed local transmission projects identified in the Utility Report. Without timely upgrades, significant congestion and curtailment costs will be incurred on the transmission system in and around these areas.

- 2) When NYSERDA's present list of awarded renewable generation projects is added to modify or augment the renewable assumptions and references in the Utility Report, key needs on transmission interfaces emerge. Bulk system improvements also need to be explored and must be sequenced effectively with lower-voltage system upgrades to ensure transfer capability can accommodate new expected renewable generation. These improvements need to be coordinated between the utilities and the NYSIO to ensure that renewable generation can be added to the grid without material amounts of curtailment. If not addressed, the successful development and operation of NYSERDA projects that have been contracted as well as additional private developer proposed projects will be threatened. The Department of Public Service (DPS), in coordination with NYISO and the Utilities, should prioritize efforts to ensure that transfer capabilities will be sufficient to accommodate the current pipeline of renewable generators and future expected procurement targets.
- 3) In studies and analyses, Utility and NYISO modelling assumptions should include a scenario with assumptions that (i) fully incorporate the CLCPA goals and (ii) include all operating renewable projects as well as projects in development

and under contract to NYSERDA. Further, NYSERDA, NYISO, and the Utilities should collaborate during each annual NYSERDA solicitation to identify potential deliverability issues associated with renewable generation. These analyses, such as electric grid power flow modelling, production cost modelling, and/or other relevant studies or outputs to assess the energy deliverability of contracted and proposed generators should study the full deliverability of individual projects and designated portfolios of selected projects bid to NYSERDA, and include an assessment of potential impacts to existing operating renewable generators and projects awarded by NYSERDA that have not yet reached commercial operation. Assumptions for this collaborative effort should include all operating and contracted NYSERDA projects, regardless of an individual project's interconnection progress or Class Year status, as well as an assumption that New York will achieve the CLCPA in a timely manner consistent with the targets in the White Paper. The outputs of these collaborative studies should be appropriately timed such that they are available at the start of the solicitation evaluation period to inform the final evaluation of bids and the final selection of awards approved by NYSERDA and DPS.

The portfolio approach recommended above differs from the requirements of typical interconnection study assumptions, where individual projects must achieve designated development milestones to be included and is different than individual project deliverability studies provided by the NYISO consistent with NYISO Minimum Interconnection Standard (MIS). The MIS is a MW-*reliability*-based interconnection requirement that does not guarantee a project's ability to contribute to the CLCPA targets, which are based on MWh and renewable *energy* generation and consumption.

Under the [NYISO OATT Attachment S, Section 25.2 Minimum Interconnection Standard²](#), renewable resources can obtain the right to interconnect to the grid without being required to make upgrades to ensure “firm power” delivery or to ensure that the power being produced is dispatchable if the operator can “dispatch down” the resource or other resources. The NYISO Minimum Interconnections Standard does not include a deliverability test or deliverability requirement that addresses upgrade costs for a project's full generation output, as the MIS is designed to ensure reliable access to the electric grid for each proposed project. NYSERDA and the State of New York both have significant interest in maintaining the economic viability of the current and future renewable generation portfolio (both operating and planned projects in development), not only from the perspective of potential cost impacts to New York State ratepayers but also the potential impact to the achievement of New York's renewable energy goals.

- 4) In addition to the comments above, NYSERDA also encourages the Utilities and the Commission to further explore the value of leveraging energy storage and advanced transmission technologies to help reduce costs and add flexibility and optionality to the proposed set of Local Transmission & Distribution (LT&D) projects. Utility-scale energy

² NYISO Open Access Tariff (OATT) 25 OATT Attachment S – Rule to Allocate Responsibility For, 25.2 OATT Att S Minimum Interconnection Standard, Sections 25.2.1 and 25.2.1.1, 25.2.1.1.1, 25.2.1.1.2.

storage and advanced transmission technologies may be able to contribute to solutions where headroom is constrained, and may be capable of implementation more quickly and more cost-effectively than traditional transmission technologies.

NYSERDA further encourages the Utilities and the Commission to further explore ways to incorporate LT&D-specific investment criteria to accelerate renewable generation to be sited on underutilized lands such as existing or abandoned commercial or industrial locations, brownfields, landfills, and dormant electric generating sites as described in the CLCPA investment criteria.

The Proposed Regulatory Framework(s) for Cost Recovery

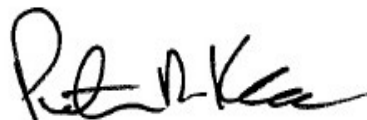
The Utility Report included a series of alternatives regarding the regulatory process by which the Utilities would recover the costs of CLCPA transmission projects. As the Utility Report acknowledged, each of the alternative mechanisms it proposed may be subject to further regulatory approval, and would take time and expense to implement. NYSERDA agrees with the utilities that whatever cost recovery mechanism is developed, it should not impede project development.³ The four options described in the Utility Report were (1) rate case recovery, (2) voluntary agreement (co-tenancy or participant funding agreement), (3) an option under which NYSERDA would make compensating payments, and (4) a renewable energy developer sponsorship model. Further, on November 17, 2020, DPS Staff filed a Supplement to the Utility Report proposing an additional cost recovery mechanism for the Commission's consideration. This supplemental mechanism would operate in accordance with a more centralized planning regime; costs and expenditures would be monitored by the Commission in its coordinated view of utility CLCPA investment plans. Project costs and any equitable compensating transfers among utilities could be determined and approved as a part of that coordinated process.

Assuming the State's transmission-owning utilities, including LIPA and NYPA, can reach a voluntary agreement, NYSERDA supports the participant funding model as the most flexible and legally-proven approach. The participant funding approach would necessitate filing the agreement with FERC. However, the agreement, by its terms, would presumably designate the Commission as the arbiter of which transmission investments are driven by the needs of the CLCPA and therefore included within the scope of the agreement's cost allocation provisions. Thus, while the agreement would fall under FERC jurisdiction, it could preserve the Commission's discretion with respect to the most critical aspect of its ongoing implementation. The option presented by Staff in its supplemental filing should be considered as an alternative option in the event that a participant funding agreement is determined to be unworkable.

³ Utility Report at p. 3.

NYSERDA appreciates the opportunity to provide these comments. If you have any questions regarding this filing, please contact me at 518.862.1090, ext. 3366. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Keane". The signature is fluid and cursive, with the first name "Peter" and last name "Keane" clearly distinguishable.

Peter Keane
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Attachment.