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February 28, 2022

Via Email (secretary@dps.ny.gov)

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Re: **Case 20-E-0197; Comments on National Grid Petition for Cost Recovery for Certain Phase 1 Local Transmission Projects**

Dear Secretary Phillips:

I am writing to submit these Comments from the Alliance for Clean Energy (“ACE NY”) on the *Petition of Niagara Mohawk Power Corporation D/B/A National Grid for Cost Recovery of Phase 1 Local Transmission Projects* in the above-referenced proceeding. ACE NY supports the National Grid Petition for cost recovery because the identified transmission projects need to be completed in a timely fashion to unbottle renewable energy generation. Timely approval of these upgrades is important to renewable energy development and inter-related to the interconnection process. Therefore, we respectfully request that the Commission approve the Phase 1 projects included in the National Grid Petition, and act to accelerate them if needed.

In its *Order on Phase 1 Local Transmission and Distribution Project Proposals*, (the “Order”) issued February 11, 2021 in the above-referenced proceeding, the New York Public Service Commission established that the Community Leadership and Climate Protection Act (“CLCPA”) and the Accelerated Renewable Energy Growth and Community Benefit Act “requires the Commission to reorient transmission planning and investment toward achievement of CLCPA targets.” (Order, page 2).

With an eye toward developing a comprehensive, coordinated grid planning process in the future, the Public Service Commission (“Commission”) specified that the Phase 1 project petition approach would only be needed in the short term. However, the Commission also established that the utilities should file these petitions in cases where CLCPA deadlines must be met sooner than awaiting rate case cost recovery would allow. (Order, page 17). Similarly, the Order states that utilities “shall include any additional Phase 1 projects that support CLCPA goals in each

respective utility's next rate filing, unless the utility determines that funding is needed earlier," (Order, page 20).

Accordingly, on November 8, 2021, National Grid filed *Petition of Niagara Mohawk Power Corporation D/B/A National Grid for Cost Recovery of Phase 1 Local Transmission Projects*, (the "Petition"). The Petition proposes a series of 19 Phase 1 projects, deemed to be immediately actionable, that have the benefit of both satisfying traditional reliability purposes to serve their incumbent load and help address bottlenecks or constraints that limit the delivery of renewable energy within National Grid's system.

Several of the Phase 1 upgrades are noted by National Grid as required to enable further badly needed upgrades that will alleviate key constraints threatening renewable development. Indeed, Grid points to the high execution risk that Phase 1 upgrades pose to subsequent Phase 2 upgrades if Phase 1 upgrades are not approved timely in the Watertown/Oswego/Porter Generator Pocket and Inghams Rotterdam Generator Pocket (Petition, pages 37-39.) National Grid emphasizes it has staged the deployment of both Phase 1 and Phase 2 projects to provide benefits in the timeframes needed for current and planned renewable generation development, (Petition, pages 34-35).

Pointing to the need for transmission infrastructure to deliver renewable energy throughout New York, National Grid emphasizes in the Petition that its 2030 Regional Plan focused on providing timely solutions to excessive bottling that will chill generation investment, increase energy prices, and lead to continued reliance on fossil fuel generation, (Petition, page 7). Grid further emphasized that Phase 1 project cost recovery is necessary to advance the timely development of transmission assets to keep pace with NYSERDA-supported renewable generation deployment and realize New York's renewable energy mandates. (Petition, page 8.) The Petition then provides a detailed analysis of the CLCPA benefits that will inure from its project proposals as further supported by the information in its 2030 Regional Plan. (Petition, pages 11-14.)

- **ACE NY supports the National Grid Petition for cost recovery because the identified transmission projects need to be completed in a timely fashion to unbottle renewable energy generation.**

As noted in ACE NY's prior comments in this proceeding, we recognize the important responsibility that transmission owners have in determining the reliability, safety, and compliance related upgrades required within their service territories. While ACE NY generally supports approval of Phase 1 projects, we note that we are not able to evaluate and comment on the prudence of these specific investments from a reliability perspective. However, it is important to point out that there has been a clear consensus across stakeholders that Phase 1 projects are "no-regrets" transmission upgrades, as they are mostly required for reliability, safety, and compliance purposes but will also assist with CLCPA goals.

As the Commission well knows, there have been several relevant and inter-dependent steps taken to support implementation of the CLCPA mandates that provide the context for the Commission's consideration of National Grid's November 8 Petition. For example, the Commission has specified in its *Order Adopting Modifications to the Clean Energy Standard*, issued October 15, 2020 in Case 15-E-0302 that it expects NYSERDA to complete enough Clean Energy Standard ("CES") Tier 1 solicitations by 2026 to achieve the 70% by 2030 renewable electricity mandate. Importantly, the NYSERDA CES Tier 1 solicitation process now contains more refined provisions addressing energy deliverability. At the same time, the New York Independent System Operator ("NYISO") has significantly overhauled its economic planning processes to provide important information about existing constraints, headroom available, and points of future concern. However, neither of these steps will achieve intended outcomes if the development of the necessary transmission infrastructure lags.

- **Timely approval of these upgrades is important to renewable energy development and inter-related to the interconnection process.**

There is an inextricable link between completion of the necessary transmission infrastructure and bringing renewable energy projects online in the timeframes required. National Grid highlights that point in its Petition, noting that it has staged its proposed Phase 1 projects to align with the timelines for new generation projects (Petition, page 35) and in certain cases to enable further Phase 2 upgrades that are critical in generator pocket areas where congestion threatens the successful advancement of many renewable projects, including those which have been awarded a NYSERDA contract. Developers are in the process of executing Large Generator Interconnection Agreements (LGIA) that include schedules for project completion. Absent timely Commission action authorizing these Phase 1 projects, however, delays will unnecessarily hamper renewable energy development. The Petition explains the steps the utilities must take to pursue their projects, (Petition, page 18-19). If they are not able to do so, the repercussions for renewable energy development can include adverse impacts on equipment cycles and financing opportunities. Furthermore, when combined with the additional scope required for the transmission owners to comply with the LGIAs, the renewable energy development sector is concerned that the transmission owners may fall behind on schedule, either with the Interconnection Agreement scope, or with the Phase 1 upgrade scope (and in some cases subsequent critical Phase 2 upgrades), or both.

ACE NY appreciates that National Grid has met the Commission's requirement set forth in the Order by confirming that they will file semi-annual reports detailing the status of funded Phase 1 transmission solutions; the estimated in-service date; the associated CLCPA benefits; the budgeted and actual costs of the projects to-date, with an explanation of any variances exceeding ten percent; and an explanation of any changes to the schedule or project scope arising since the prior reporting period. (Petition, page 9). To avoid delays due to schedule slippage, which will also

adversely affect renewable generation development, careful monitoring of Phase 1 transmission upgrades by the Commission will be crucial and should also encompass whether projects should be accelerated (with any associated adjustment in funding) in addition to being authorized. Accelerating these upgrades would be particularly pertinent in cases where the upgrades are projected to come online after the date that affected NYSERDA-contracted renewable generators have designated to the NYISO as their Commercial Operation Date. In addition to utilities filing these reports with the Commission, the Commission should direct the utilities to provide this information to the NYISO to ensure assumptions being used to form the various study cases in its comprehensive planning efforts all remain aligned with the scope and pace of system infrastructure development.

Upon approval, the utilities will fold these transmission projects into their LTPs. As the Commission considers the Coordinated Grid Planning Process and develops what appears to largely be a “bottoms up” approach, it is critical for this step to be fulsome. Once in LTPs, the NYISO will incorporate the information in their economic system planning. NYSERDA will then use these results to guide CES solicitation determinations and the transmission owners will use this information to determine future measures necessary to build out their systems effectively.

- **These Phase 1 projects are important but not enough.**

In addition to supporting approval of National Grid’s Phase 1 projects, ACE NY would like to point out that Phase 1 projects provide limited congestion-relief benefits to renewable projects that are proposed in the areas of concern that were identified by the Commission. Many of the highly congested grid facilities will not be addressed by Phase 1 upgrades. However, several of the Phase 1 projects will act as enablers to the expected Phase 2 projects. Renewable generation projects in the areas of concern are key to providing CLCPA benefits. ACE NY continues to recommend that National Grid also propose Phase 2 projects that will adequately mitigate existing transmission constraints in the areas of concern, like the Watertown/Oswego/Porter renewables pocket. Even if Phase 1 upgrades are shown as increasing headroom in the pocket, in practical terms, the headroom will be non-existent given the area will remain constrained absent further Phase 2 upgrades that are appropriately designed to effectively address congestion and unlock renewable development.

- **We respectfully request that the Commission approve the Phase 1 projects included in the National Grid Petition, and act to accelerate them if needed.**

Since issuance of the Order in February 2021, three of the utilities have filed Phase 1 petitions. The Commission has repeatedly demonstrated its commitment to support achievement of CLCPA mandates by pursuing necessary transmission upgrades to support renewable generation development. Timely Commission action continues to be needed -- not only to support the timelines dictated by the CLCPA mandates -- but also to send signals to investors that the State is remains bullish on these efforts. Thus, it is critical for the Commission to timely authorize cost recovery for the proposed upgrades in the transmission owners' Phase 1 petitions to provide investors with confidence that the State will meet its mandates.

For these reasons, ACE NY respectfully requests that the Commission approve without delay National Grid's Petition for all the 19 Phase 1 upgrades. We especially highlight the importance of the Phase 1 upgrades that are required to enable subsequent Phase 2 upgrades that need to be pursued in a timely fashion in generator pocket areas.

In their February 2021 Order, the Commission recognized that Phase 1 projects provide near-term opportunities to achieve significant CLCPA benefits. (Order, page 10). The Commission further noted that action on these projects was critical to the timely achievement of CLCPA targets. (Order, page 13). Based on the foregoing, the Commission should authorize National Grid to obtain cost recovery for the full suite of its proposed projects in its Petition and stand ready to accelerate them should they fall behind schedule or are scheduled to come online after the date that affected NYSERDA contracted renewable generators have designated to the NYISO as their Commercial Operation Date.

Sincerely,

A handwritten signature in black ink that reads "Anne Reynolds". The signature is written in a cursive, flowing style.

Anne Reynolds
Executive Director
Alliance for Clean Energy New York, Inc.

AR/mml