

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission to
Implement Transmission Planning Pursuant
to the Accelerated Renewable Energy Growth
and Community Benefit Act.**

Case 20-E-0197

**COMMENTS OF
THE CITY OF NEW YORK
ON
PROPOSED BROOKLYN CLEAN ENERGY HUB**

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PRELIMINARY STATEMENT

For almost a decade, the City of New York (“City”) has been advocating for strengthening and expanding the transmission system in New York City and reducing the dependence on very large transmission substations. At the same time, the City has advocated for comprehensive planning and the need to build out the electric system in an appropriate and cost-effective manner.

On April 15, 2022, Consolidated Edison Company of New York, Inc. (“Con Edison”) submitted a petition to the Public Service Commission (“Commission”) seeking cost recovery for a new transmission substation (which the Company refers to as a “Clean Energy Hub”) that would be located next to the existing Farragut Substation and the East River (“Petition”). While there are some beneficial attributes to this proposed substation, the City has multiple concerns with the proposal. In particular, the City questions the merits of interconnecting 4,500 MW to 6,000 MW of offshore wind at essentially a single location. Additionally, it appears that the Company’s analysis did not consider the more than 2,550 MW of capacity that will interconnect at the Astoria Annex and Rainey Substations (*i.e.*, the Champlain-Hudson Power Express and Clean Path New York Projects, respectively).

Because of these and other concerns discussed herein, the City cannot at this time support this proposal, and it urges the Commission to carefully scrutinize the technical and economic

feasibility of the proposed substation. The Commission should direct Con Edison to conduct a more fulsome analysis – including cost estimates – that demonstrates the merits and cost-effectiveness of the proposal and of the technical and economic feasibility of offshore wind projects to interconnect at this location. In addition, the Commission should solicit and assess additional options for addressing the offshore wind interconnection issue before determining a path forward.

COMMENTS

POINT I

THE PROPOSED PROJECT DOES NOT EXPAND THE TRANSMISSION SYSTEM IN THE MANNER NEEDED TO MAINTAIN SYSTEM RELIABILITY AND RESILIENCY

In the aftermath of Hurricane Sandy, the City conducted a technical analysis of the electric system and how to make it more resilient to the effects of climate change. The City identified several transmission substations that are at risk because of their physical locations, and it evaluated the potential consequences of the loss of any of these substations on public safety, health, and welfare.¹ Based on its analysis, the City has advocated for the development of a third transmission ring in New York City, which would unload vulnerable substations, strengthen service throughout Queens and Brooklyn, and improve transmission system connectivity between Staten Island and the rest of New York City.

While Con Edison's proposed new substation may appear to be a part of the City's recommended solution, it is not. In the City's view, the proposal does not ameliorate the concerns the City identified. Essentially, the new substation slightly expands the existing system, but it does

¹ Details of the assessment are not provided here because they contain critical energy infrastructure information, but the City will provide additional information to the Commission and Department Staff on a confidential basis upon request.

not provide a new transmission path. Further, it does not improve connectivity with Staten Island and instead worsens the existing problems by blocking power flows from the Goethals Substation to the Farragut Substation. Although Con Edison states that the new substation will be built to higher standards than the Farragut Substation, it will be in the same location as Farragut and could be subject to some similar or correlated risks as Farragut.² Further, it will not resolve the transmission system weaknesses in Brooklyn; as shown in Figures 1 and 2 in the Petition, the project involves only a reconfiguration of the existing feeders serving Brooklyn from Farragut to the new substation.

Additionally, while the City has advocated for the very large existing substations to be unloaded, the City questions whether this proposal meaningfully achieves that result. While the proposal would shift some load from Farragut to the new substation, the available capacity would then be used to connect offshore wind. This arguably causes Farragut to become even more important to the operation of the electric system. Moreover, in addition to the climate-related concerns noted above, the new substation would be located directly adjacent to Farragut, which poses separate risks. The City's advocacy has been about reducing the "too big to fail" substations through new facilities throughout New York City, not expanding reliance on existing locations as this project would.

The City is equally concerned about the reliability and resilience implications of connecting most or all of the offshore wind serving New York City – up to 6,000 MW under the State's current plans and goals – at essentially one location. Should there be a climatic or other

² Con Edison proposes to build the new substation to the FEMA plus 5 standard for flood protection, but the location adjacent to the East River nevertheless presents some risk. The plan to house the substation within a building adds a new concern related to heat dissipation.

deleterious event at that location,³ all of the offshore wind connections to New York City would be lost, perhaps for an extended period of time. As the State and New York City become more reliant on renewable resources and shut down the remaining fossil plants (most of which are located in New York City), a single interconnection location in New York City for most offshore wind projects could create unacceptable reliability and resilience risks.

Presently, the generation serving New York City interconnects into the electric system at numerous points. The Commission should not lightly move away from this important diversity, and the Petition offers no analysis of the potential risks for creating a single interconnection location. In sum, the Commission should not allow Con Edison to proceed in a manner that could negatively impact the reliability or resilience of the electric system.

POINT II

THE COMMISSION SHOULD CONSIDER THE POTENTIAL CURTAILMENTS RESULTING FROM THIS PROPOSAL

In addition to the reliability and resilience concerns discussed above, the Commission should carefully consider whether the proposed substation is an appropriate means of interconnecting thousands of megawatts of offshore wind in New York City. That is, the Commission should ensure that all of the interconnected renewable resources are capable of serving load. Based on its understanding of the Company's analysis and proposal, the City is very concerned that this new substation could result in substantial curtailments of renewable resources serving New York City. Moreover, this substation would worsen the system constraints between Staten Island and the rest of New York City, creating additional challenges to displacing the in-City fossil generation fleet.

³ While the new substation and Farragut would be electrically separate, they are physically adjacent to each other and could be impacted by a single event.

First, the Petition does not address the addition of the 2,550 MW of capacity via the two projects awarded Clean Energy Standard Tier 4 contracts with NYSERDA, both of which were subsequently approved by the Commission.⁴ The Champlain-Hudson Power Express Project will terminate at the Astoria Complex in Queens, with new transmission cables connecting the Astoria Annex Substation to the Rainey Substation.⁵ The Clean Path New York Project will interconnect directly at the Rainey Substation.⁶ The proposed new substation will be electrically adjacent to the Rainey Substation.⁷ The City is concerned that Con Edison was only able to conclude that the electric system could accommodate 6,000 MW of offshore wind interconnected at the new substation and Farragut by disregarding the Tier 4 Projects. When their power flows are considered together with the power flows from the offshore wind facilities, there is a significant likelihood that the system cannot accommodate the entirety of the 8,550 MW of incremental capacity, and one or more resources will be curtailed, possibly extensively.

Before approving cost recovery for this project, the Commission should ensure that it will allow for complete use of all renewable resources intended to serve load within New York City. Customers will pay for the Tier 4 and offshore wind projects through their purchase of Tier 4 renewable energy certificates and offshore wind renewable energy certificates, and Con Edison is seeking to have customers pay for the new substation. It would not be just or reasonable to require

⁴ Case 15-E-0302, Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and Clean Energy Standard, Order Approving Contracts for the Purchase of Tier 4 Renewable Energy Certificates (issued April 14, 2022) (“Tier 4 Order”).

⁵ Case 10-T-0139, Application of Champlain Hudson Power Express, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the PSL for the Construction, Operation and Maintenance of a High Voltage Direct Current Circuit from the Canadian Border to New York City, Order Granting Certificate of Environmental Compatibility and Public Need (issued April 18, 2013) at 2.

⁶ Tier 4 Order at 11.

⁷ Petition at 14-15 and Figure 2.

customers to pay for all of these facilities and then be unable to enjoy the benefits of the projects because of avoidable curtailments.

Second, as the Company acknowledges, Staten Island is “electrically bottled.”⁸ Electrically, power flows from the Goethals Substation on Staten Island to the Farragut Substation, but the amount of power that can flow between these points already is limited at times. The new substation would further limit the ability of power to flow between those substations and exacerbate the bottling problem. The question that is not answered by the Petition is whether it would be more economically and technically advantageous to resolve the transmission constraint between Staten Island and the rest of New York City or exacerbate the constraint via the new substation. Additionally, the City is concerned that even if the proposed Clean Energy Hub were to succeed in its goal of creating a primary interconnection point for offshore wind, it may have the unintended effect of increasing the challenges of interconnecting offshore wind elsewhere within New York City. By contrast, if the transmission constraint were to be resolved, Staten Island could host one or more of the converter stations, and the Goethals Substation and related feeders could be used as interconnection points for offshore wind. Moreover, to the extent New York and other states eventually consider a regional approach to offshore wind, ameliorating the Staten Island bottling problem would allow for new or expanded use of some of the existing transmission ties between New York City and New Jersey. Before approving the Company’s proposal, the Commission should ensure that it is superior to addressing the existing constraint.

Third, it is unclear what effect this proposal would have on the Long Island Public Policy Transmission Need for which the New York Independent System Operator, Inc. (“NYISO”) is now evaluating more than a dozen competitively bid alternative projects. The purpose of that

⁸ Petition at 25.

project is to allow offshore wind facilities to interconnect on Long Island and then flow power to New York City and upstate.⁹ Depending on which alternative the NYISO selects, the proposed substation could curtail or aid power flows across that new transmission line. Because customers will be asked to pay for that project as well, the Commission should ensure that customers are not paying billions of dollars for projects that cannot be operated simultaneously to help achieve the State’s policy and statutory goals, as set forth in the Climate Leadership and Community Protection Act (“CLCPA”).

POINT III

THE COMMISSION SHOULD CONSIDER ALL COSTS ASSOCIATED WITH THE NEW SUBSTATION BEFORE AUTHORIZING COST RECOVERY FOR IT

In the Petition, Con Edison provides an avoided cost comparison to help justify the new substation. The Company references costs developed by the NYISO as part of the 2019 Class Year interconnection study, but it fails to mention that none of the developers accepted those costs, and new costs for interconnections in New York City are being developed for the 2021 Class Year interconnection study. Given the \$800 million the Company is now spending to upgrade its transmission system, plus other changes it is making, it is questionable whether the 2019 unaccepted costs are still valid.¹⁰

⁹ See Cases 20-E-0497, *et al.*, In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration for 2020, Order Addressing Public Policy Requirements for Transmission Planning Purposes (issued March 19, 2021).

¹⁰ This refers to what Con Edison had called the “TRACE Projects” or “Reliable Clean City Projects,” system upgrades that will allow the 1970-vintage peaking generating units in New York City to shut down in 2023 and 2025 without causing reliability problems. See Cases 19-E-0065, Consolidated Edison Company of New York, Inc. – Electric Rates, Order Regarding Transmission Investment Petition (issued April 15, 2021) and NYISO, “Short-Term Assessment of Reliability: 2021 Quarter 1,” dated April 15, 2021 at 12-13 (Con Edison will change the status of several series reactors to solve reliability needs).

Additionally, while the Petition provides a cost estimate of \$1 billion for the new substation and rough, per-mile estimates of the costs of the feeders that would connect offshore wind converter stations to the substation, at least two developers have already expressed concerns about the sufficiency and inclusiveness of these estimates.¹¹ Before authorizing cost recovery of this very expensive substation, and given the other concerns noted herein, the Commission should ensure that it has a complete understanding of the costs associated with this project and that it is cost-effective based on the most current and accurate information available.

POINT IV

CON EDISON'S PROPOSAL DOES NOT PROPERLY BALANCE ECONOMIC COSTS AND BENEFITS

In transforming the electric system, the State is seeking to accomplish multiple goals. Reducing carbon emissions and global warming are the primary goal, but another very important goal is to develop the green economy – creating good jobs and continuing New York's economic prosperity.¹² The City is concerned that Con Edison's proposal may undermine this important goal.

The Petition contains a map that shows potential locations for the converter stations associated with the offshore wind facilities that purportedly would interconnect at the new substation.¹³ The vast majority of those locations are in New Jersey. There are four sites identified on Staten Island, but it is likely that none are viable candidates due to other pending or planning

¹¹ See 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 Rise Light & Power, LLC (dated May 17, 2022) and Comments of OW Ocean Winds East, LLC (dated May 26, 2022).

¹² See, e.g., New York State of the State 2022: A New Era for New York, available at <https://www.governor.ny.gov/sites/default/files/2022-01/2022StateoftheStateBook.pdf>.

¹³ Petition at 29.

development on those sites. Similarly, nine sites are identified in the Red Hook and Sunset Park sections of Brooklyn. However, some of those sites already are under development by others and all of the others are slated for development. Thus, the vast majority of the potential sites for the converter stations are in New Jersey.

Converter stations cost hundreds of millions of dollars, and they can contribute millions of dollars per year to the tax base. Their construction can involve hundreds of construction workers, and once constructed, they can host new, well-paying jobs and act as bases for work to be performed on the associated transmission lines. Under Con Edison's proposal, New Yorkers will pay hundreds of millions of dollars of the costs, but they will not receive any of the employment or tax base benefits associated with this investment. The Commission should be maximizing the benefits associated with CLCPA-related projects for New Yorkers, not shifting the benefits out-of-state. Indeed, Section 1(8) of the CLCPA provides, in pertinent part:

Creating good jobs and a thriving economy is a core concern of New York state. Shaping the ongoing transition in our energy sector to ensure that it creates good jobs and protects workers and communities that may lose employment in the current transition must be key concerns of our climate policy....

Accordingly, the Commission should be wary about approving a New York customer-funded project that will likely drive substantial jobs and economic benefits to New Jersey.

POINT V

THE CITY RECOGNIZES THAT THERE ARE CHALLENGES TO SOLVING THE OFFSHORE WIND INTERCONNECTION ISSUE

As the Power Grid Study commissioned by the Commission demonstrated, interconnecting thousands of megawatts of offshore wind facilities in New York City will be challenging.¹⁴ There

¹⁴ Case 20-E-0197, *supra*, "Initial Report on the New York Power Grid Study," Section IV and Appendix D (filed January 19, 2021) ("Power Grid Study").

is limited space within the Narrows to locate transmission cables.¹⁵ There also are many concerns about locating the converter stations, as shown by the Petition and the comments submitted by OW Ocean Winds East, LLC and Rise Light & Power, LLC.

The City does not question Con Edison's substantial, in-depth knowledge of its electric system, and these comments should not be interpreted as in any way impugning the work of its transmission planners. The proposal is a reasonable first step in trying to identify how to achieve the CLCPA's offshore wind goals and interconnect thousands of megawatts of new resources in New York City. Moreover, as noted above, in some ways this proposal is consistent with the City's vision for the future of the transmission system.

However, the City questions whether this is the best, or the most appropriate path forward. This proposal reflects the thinking of only a single entity when there are many entities with the technical ability to provide input into this matter. In particular, the NYISO routinely engages in robust planning activities, including planning for the future envisioned by the CLCPA. As shown by the Long Island Public Policy Transmission Needs process, there are multiple transmission owners and developers other than Con Edison thinking about this very issue. As shown by the comments submitted in this matter to date and by other activities, there are multiple offshore wind developers considering this issue as well.

The City submits that the Commission and New Yorkers, all of whom will bear the cost of whatever is built, would be best served by the Commission soliciting and assessing options for addressing the offshore wind interconnection issue rather than selecting the first proposal presented to it. Further, for over 20 years, the Commission has continuously supported competition over monopolistic practices as providing the best and most innovative solutions to

¹⁵ *Id.* at 60.

customers and the State. Indeed, via the Distributed System Platform, Value of Distributed Energy Resources proceeding, and other efforts, the Commission continues to support and expand competitive options within the electric industry. Here, the Commission should allow for competitive proposals to address the need and compare Con Edison's proposed solution to those advanced by others to ensure that the best option proceeds.

To the extent there is a concern that the City's recommendation could lead to delays, the City offers that the additional process could be completed within a matter of months, and there would not be any meaningful delay. When the Commission identifies public policy based transmission needs, the NYISO sets a 60-day deadline for developers to respond, and in each solicitation to date, the responses have been robust. NYSERDA has not yet issued its next offshore wind solicitation, so the additional process contemplated herein would not conflict with that solicitation. Moreover, supply chain delays have become pervasive, so it is unlikely that a relative short period for obtaining additional perspectives and proposals would materially alter when a new transmission solution could be implemented and in-service.

In sum, there is potential for substantial value to be gained from seeking other perspectives and proposals, while the impacts arising from the time required to do so would be minimal to negligible. Accordingly, the City respectfully urges the Commission to gather more information before making any decision on the Petition or more broadly deciding on a path forward.¹⁶

¹⁶ As an alternative approach, the Commission could direct NYSERDA to require respondents to its next offshore wind solicitation to include interconnection options within New York City as part of their bids and then compare those proposals to Con Edison's new transmission substation.

CONCLUSION

For the reasons discussed herein, the Commission should carefully scrutinize Con Edison's proposal for cost recovery for a new transmission substation to be located adjacent to the existing Farragut Substation. Before making any decision in this matter, the Commission should ensure that curtailments of renewable resources – whether from offshore, upstate, or Canada – are minimized to the maximum extent possible, and it should ensure that the path forward it approves is most appropriate from the perspectives of achieving the CLCPA goals, preserving system reliability, enhancing resilience, consistency with the Commission's preference for competitive, market-based approaches, addressing the needs of offshore wind projects, and minimizing costs to consumers.

Respectfully submitted,

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