



July 11, 2022

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 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*

Dear Ms. Phillips:

The New York Offshore Wind Alliance (NYOWA), an initiative of the Alliance for Clean Energy New York (ACE NY) dedicated to the establishment of a robust and responsible offshore wind market in New York State, respectfully submits the following comments on the April 15, 2022 petition¹ filed by Consolidated Edison for cost recovery associated with the construction and management of the Brooklyn Clean Energy Hub (hereinafter “Brooklyn Clean Energy Hub” or “Hub”), and noticed by the Department of Public Service on May 13, 2022. The Hub is conceived as a new substation to be built in the Vinegar Hill section of Brooklyn for the purpose of integrating up to 6 gigawatts (GW) of offshore wind into the distribution grid and ultimately into Zone J of the New York Independent System Operator’s bulk transmission system. NYOWA membership includes several offshore wind developers with leasehold interests and environmental NGOs and, as such, has an abiding interest in this proceeding.

As described more fully below, NYOWA is of the view that additional grid investments are needed to integrate offshore wind (OSW) capacity cost-effectively and seamlessly into the New York Independent System Operator’s (NYISO) Zone J to meet New York’s climate and renewable energy mandates, and that the Brooklyn Clean Energy Hub could represent a promising enabler. However, before this investment is approved by the Commission, its technical and economic viability should be further scrutinized and compared to alternatives via a market test, i.e., the Commission should initiate a competitive procurement that examines the costs and benefits of a wider set of solutions. Such a competitive procurement should run in parallel with - and in no event delay - the third NYSERDA OREC solicitation, scheduled to be released imminently.

¹ *Petition of Consolidated Edison Company of New York, Inc. for Approval to Recover Costs of Brooklyn Clean Energy Hub.*

Argument

There is little doubt that additional onshore grid infrastructure will be required to meet New York's nation-leading goal of 9 GW by 2035, much less any incremental OSW development that will be necessary to decarbonize the grid by 2040 and to achieve economy-wide decarbonization of 85% from 1990 levels by 2050, as set forth in the *Climate Leadership and Community Protection Act (CLCPA)*.² The 2021 Power Grid Study and accompanying DPS Staff and NYSERDA-led analysis and recommendation set ("Initial Report")³, commissioned under the *Accelerated Renewable Energy Growth and Community Benefit Act*⁴ to assess the adequacy of the New York grid in meeting the state's renewable development targets, concluded that interconnection of 9,000 MW of offshore wind would be "achievable"⁵ within the current system. However, this conclusion was predicated on an idealized development "that optimizes POIs with the capabilities of the existing transmission system"⁶, and on some rather optimistic baseline assumptions including, but not limited to the injection points "hav[ing] the physical space necessary to accommodate the upgrades for the planned injections."⁷ Indeed, the Commission itself has more recently opined that such an assumption may be "questionable".⁸

Given these potential barriers to the integration of offshore wind and the threat to subsequent achievement of the CLCPA's OSW targets, the Commission concluded that further action is warranted: "Because of the need to act expeditiously to meet CLCPA mandates, and the timeframes involved in both transmission and offshore wind development, it is incumbent upon the Commission to address the feasibility challenges as soon as practicable."⁹ Specifically, the Commission identified "a potential solution"¹⁰ in the form of the Con Edison Brooklyn Clean Energy Hub, and invited the company to flesh out this project concept which is the subject of the instant petition.

NYOWA agrees with the Commission that the development of the proposed Brooklyn Clean Energy Hub represents a potentially promising strategy for cost-effectively and reliably integrating a significant share of New York's planned offshore wind generation. As described in the Con Edison petition, the Hub has many positive attributes. First, the proposed substation facility would be physically located in the Vinegar Hill section of Brooklyn, proximate to the waterfront and accessible to the planned windfarm locations. Second, this immediate community and the greater New York City metropolitan area could serve as a significant load sink for generation during a wide range of load conditions. Third, the new substation would be electrically situated between the adjacent Rainey and Farragut substations and served by multiple high-voltage (345 kV) feeders, providing the means for exporting power to other boroughs within the city and to the rest of the state during low load/high generation conditions.

² Chapter 106 of the laws of 2019.

³ Case 20-E-0197, Initial Report (Filed January 19, 2021).

⁴ Chapter 58 (Part JJJ) of the laws of 2020.

⁵ *Order on Power Grid Study Recommendations*, issued and effective January 20, 2022 (hereinafter "PSC OSW Order"), at 18 (citing Initial Report at 62).

⁶ *Id.* at 20.

⁷ *Id.* at 20 (citing Initial Report at 66).

⁸ Among the other factors leading the Commission to question the continuing validity of the Initial Report's finding of transmission adequacy is the recent approval of the Clean Path transmission project, slated to bring 1,300 MW of capacity to the same Rainey substation identified as a potential POI for future OSW projects. PSC Order at 20-1.

⁹ PSC OSW Order at 23.

¹⁰ *Id.* at 22.

While the proposal could serve as a vital link between offshore windfarms and the New York grid, bringing clean and carbon-free resources to the state, NYOWA would note that the petition lacks important details for which, presumably, the Commission will want to conduct thorough due diligence before granting approval. First, no technical or economic studies have been filed supporting Con Edison's conclusion that the Hub will create 6 GW of headroom for OSW in Zone J, the underlying objective of this investment. Second, supporting studies to verify grid stability and project curtailment should be provided to support the proposed concept. Third, from the standpoint of OSW developers, the ability of Con Edison, or any developer, to establish site control for the requisite HVDC converter station, an important component of the proposed configuration, will be critical. Fourth, the area surrounding Farragut substation is already substantially crowded with pre-existing infrastructure. Coordinating cable routes and landing for 8 circuits will require substantial study to be proven feasible.

Further, the interaction of the Hub proposal with the Meshed Ready optioning investments, that the Commission also directed in its Order¹¹, is not entirely clear; specifically, bringing multiple Meshed Ready solutions into a single onshore Hub/POI could be considered counter-productive to the resiliency and congestion relief objectives of the Meshed Ready system. Concentrating 6 GW of generation into a single interconnection point may place downward pressure on nodal prices, increase the likelihood of curtailment, and may create new interconnection and routing challenges. In addition, interconnection of these resources at a single point may create new reliability risks associated with the interruption of deliveries due to extreme weather events or other contingencies. These impacts and interactions must be studied to ensure that the implementation of a singular proposal does not undermine the long-term vision of the Meshed Ready system or lead to other unintended consequences.

More broadly, the petition is thin on detail supporting the estimated \$1 billion price tag, or the purported superiority of the Brooklyn Clean Energy Hub to other alternatives that may be implemented by Con Edison or other market participants. The petition is also silent on cost responsibility on the part of developers¹² and how subsequent interconnection costs would be allocated through NYISO's existing Large Facility Interconnection Procedures (and how any subsidization of interconnection costs may unfairly disadvantage developers who cannot also connect to the Hub).

Further, NYOWA would note that the Hub constitutes a major commitment of ratepayer dollars. The Commission will want greater assurance that the technical and economic issues noted above can be overcome to avoid potential stranded investment and lost opportunity for greater OSW integration into Zone J.

While NYOWA appreciates the urgency and priority with which the Commission is acting to address the potential barriers to offshore wind injection, given the open technical and economic questions such as those raised above, we believe it is important that the Commission not rush to judgment on this singular option. NYOWA submits that the best means of testing the merits of the Brooklyn Clean Energy Hub is through an open-source competitive solicitation, examining the viability and

¹¹ Id. at 14-15.

¹² It is NYOWA's understanding that, as a general principle, the Commission has already determined that costs associated Phase 2 projects are to be covered via the NYISO tariff and socialized statewide. The Commission should confirm this general principle applies to the Brooklyn Clean Energy Hub, and if approved by the Commission, OSW developers will not bear responsibility for reimbursing Con Edison for associated costs of the project.

cost-effectiveness¹³ of alternative solutions for creating headroom for the integration of OSW into Zone J or for the integration of OSW in New York more broadly. One potential avenue is New York's Public Policy Transmission Needs process pursuant to FERC Order 1000. We would note that the next window for PPTN designation will open in the third quarter of 2022.

In addition to headroom, responses to such a solicitation should also demonstrate that POIs are accessible from BOEM lease areas. The list of known constraints through the New York Harbor is substantial (e.g., US Army Corps of Engineers-maintained shipping lanes and anchorages). The Commission should wait to coordinate transmission expansion with common corridor development.

In no event should this competitive procurement delay the upcoming OREC solicitation. NYSERDA officials have indicated that the third solicitation will be issued sometime in the "summer".¹⁴ Developers have been preparing for the upcoming solicitation for some time, including efforts to identify and de-risk interconnection options. These efforts should not be overridden. Furthermore, developers are free to discuss the opportunities presented by the Hub with the project proponents and draw their own conclusions about whether this presents a cost-effective and viable alternative, adding value to their project. In short, there remains adequate time for the parties to engage in further discussions around the viability of this interconnection option while maintaining the current solicitation schedule.

Furthermore, as noted above, New York will ultimately need much more OSW to meet its Nation-leading climate and renewable energy goals, and the Hub should not be regarded as a potential lost opportunity if not identified as the preferred POI by market participants in the upcoming OREC solicitation.

On the other hand, NYOWA would *strongly oppose* the imposition of a mandatory condition on developers bidding into the third solicitation of committing to interconnect to the Brooklyn Clean Energy Hub. This level of prescription is unnecessary and would take away the developers' ability to develop and propose the solution that optimally delivers the objectives of the CLCPA and provide value to New York ratepayers, including through identification of cost-effective interconnection points. Additionally, there are still too many uncertainties associated with the Con Edison proposal for developers to take this "leap of faith."¹⁵ Moreover, if sufficient details were provided, developers could provisionally include this option in their respective bids as warranted, and price their OREC bids accordingly given the associated risk profile of this option against other alternatives.

If the Commission rejects our recommendation for a competitive solicitation, at a minimum, before ruling on this matter the Commission should direct Con Edison to meet with the OSW developers and file a revised proposal responsive to the concerns noted herein or offer the company's perspective on why these concerns are misplaced.

¹³ A competitive procurement could also evaluate proposals against non-price criteria such as the benefits accruing to environmental justice communities.

¹⁴ This was most recently identified as NYSERDA's timeline by CEO and President Doreen Harris during her presentation at the Business Council's June 21, 2022 renewable energy conference.

¹⁵ As NYSERDA's most recent Request for Information (RFI) notes: "ConEd Hub Proposals would be evaluated on the same basis as all other Proposals, such that they could potentially receive lower viability scores if the scoring committee concludes that the interconnection plans, cable routing and/or converter station siting in the ConEd Hub Proposals are less developed or certain than plans in other Proposals." *Request for Information, RFI OREC2022-2*, Released May 13, 2022.

Moreover, if notwithstanding the material concerns noted in these comments, the Commission grants approval of the Con Edison petition, it should take steps to ensure that OSW developers that elect to use the Hub do not see the value of their OREC Purchase and Sales agreement eroded due to delays in placing the Hub in service. Likewise, as noted, the Commission should not unduly penalize OSW developers who elect not to use the Hub and ensure that the inclusion of the Hub does not introduce inequities in the bidding process.

In sum, NYOWA appreciates the Commission proactively encouraging the further development and refinement of the instant proposal and applauds the company's efforts to respond to this charge. However, the Commission should withhold approval of Con Edison's request for cost recovery pending the outcome of a competitive solicitation for grid solutions that facilitate the integration of additional OSW resources into Zone J. Presumably, within the context of a competitive solicitation, the key details of Con Edison's proposed Hub will be offered for critical review and evaluation, along with those of alternative solutions. The planned 2022 OREC solicitation should not be delayed by or be dependent upon the outcome of any such solicitation for grid solutions. If the Commission declines to initiate a competitive process, at a minimum, it should direct Con Edison to address the concerns noted in these comments in a revised filing.

Sincerely,



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