STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on February 11, 2021

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Diane X. Burman
James S. Alesi
Tracey A. Edwards
John B. Howard

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.

ORDER ON PHASE 1 LOCAL TRANSMISSION AND DISTRIBUTION PROJECT PROPOSALS

(Issued and Effective February 11, 2021)

BY THE COMMISSION:

INTRODUCTION

On July 18, 2019, Governor Andrew Cuomo signed into law the Climate Leadership and Community Protection Act (CLCPA), which codified ambitious goals to reduce greenhouse gas (GHG) emissions and accelerate the deployment of renewable electric generation across the State.[1] The CLCPA established specific targets designed to achieve economy-wide carbon neutrality and a

[1] Chapter 106 of the laws of 2019.

zero-emissions electricity sector by 2040.[2] To put New York on a path to reach these goals, Governor Cuomo introduced the Accelerated Renewable Energy Growth and Community Benefit Act (the Act) as part of the New York State 2020-2021 budget.[3] Among other mandates, the Act requires the Commission to reorient transmission planning and investment toward the achievement of CLCPA targets.

On May 14, 2020, the Commission initiated this proceeding with an Order requiring the Joint Utilities[4] to, among other things, develop and file (1) proposals for planning, funding, and prioritizing local transmission and distribution (LT&D) investments needed to meet CLCPA objectives, and (2) a study of their LT&D systems identifying such projects.[5] The Joint Utilities and Long Island Power Authority (LIPA) (together referred to as the Utilities)[6] filed their proposals and the

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[2] The CLCPA requires: (1) a 40 percent reduction in GHG emissions from 1990 levels by 2030 and an 85 percent reduction by 2050; (2) a renewable electric generation target of 70 percent by 2030 and a 100 percent emissions-free electric supply by 2040; and (3) the addition of 9 Gigawatts (GW) of offshore wind generation to the energy portfolio by 2035.

[3] Chapter 58 (Part JJJ) of the laws of 2020.

[4] The Joint Utilities are Central Hudson Gas and Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange and Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation.

[5] Case 20-E-0197, supra, Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act (issued May 14, 2020) (the Initiating Order).

[6] Although not considered an electric utility under the Public Service Law (PSL), the Act requires LIPA to establish a similar capital program to address LT&D upgrades in its service territory.

results of their study on November 2, 2020.[7] The Utilities grouped the potential LT&D projects into two categories, denominated “Phase 1” and “Phase 2,” based on project readiness and the availability of established regulatory approval mechanisms.

This Order provides guidance on Phase 1 projects, including the process that the Joint Utilities shall follow for cost recovery of these and future Phase 1 LT&D projects, as discussed below. This Order also provides initial direction on the implementation of advanced technologies in the planning for LT&D investments. The Commission intends to address the proposed Phase 2 projects and the other proposals included in the Report, including further discussion of advanced technologies, in future orders.

BACKGROUND

The Initiating Order makes clear the need to revisit the traditional decision-making framework relied upon by the Commission and the Utilities for investing in LT&D infrastructure. To accomplish this, the Initiating Order identifies three tasks the Commission must complete to account for CLCPA mandates in infrastructure planning and investment. First, using the Utility Study,[8] the Commission must identify

[7] Case 20-E-0197, supra, Utility Transmission and Distribution Investment Working Group Report (filed November 2, 2020) (the Report).

[8] The Utilities were directed to complete a study to identify LT&D upgrades that are necessary to timely achieve the CLCPA targets. The Utility Study was also filed as a component of the “Power Grid Study” mandated in Section 7(2) of the Act. The Power Grid Study was filed by Department of Public Service Staff on January 19, 2021, and will be addressed by the Commission in a future order. Case 20-E-0197, supra, Initial Report on the New York Power Grid Study (filed January 19, 2021) (Initial Report on Power Grid Study).

local system investments, either through new projects or upgrades to existing LT&D facilities, that may be necessary or appropriate to the timely achievement of CLCPA objectives. The second task is to establish a continuing, transparent planning process that will guide future investments. The new planning process must include, among other things, a method to evaluate and account for a project's contribution towards the CLCPA targets and a benefit cost analysis (BCA) to assess and prioritize potential investments in CLCPA upgrades.

Third, the Initiating Order recognizes that appropriate cost allocation and cost recovery mechanisms must be developed to ensure equitable funding of CLCPA-driven investments. The Initiating Order instructed the Joint Utilities to consider cost allocation for three types of LT&D projects: (1) those that are pursued using traditional investment criteria that may simultaneously provide support for renewable integration or other CLCPA goals, referred to as "business as usual projects"; (2) "business as usual projects" which may present opportunities to realize additional benefits of renewable resources through project modification; and (3) those which would not have been built pursuant to traditional investment criteria, but rather are pursued given their contribution to the CLCPA targets. The Report offers proposals that address all three categories of investment.

Given the complexity of this undertaking, the Initiating Order explains that the Commission will resolve these issues over time to allow for the benefit of broad stakeholder input. This Order begins to address the first of the three tasks by providing guidance on "business as usual" investments that also support the integration of renewables or other CLCPA objectives.

THE REPORT

The Utilities' Report, filed in response to the Initiating Order, consists of three parts. Part 1 presents recommendations related to project investment criteria and prioritization with a focus on expanding existing LT&D planning processes to account for the need to support CLCPA objectives. The Commission intends to address the Part 1 recommendations in a future order. Part 2 provides the results of the Utility Study and identifies recommended LT&D projects for each of the Utilities. Part 3 summarizes the progress that has been made related to the use of advanced technology to improve the deliverability of renewable energy across the State.

Relevant here, Part 2 of the Report identifies two categories of LT&D projects:

- Phase 1 Projects: These are immediately actionable projects that satisfy traditional reliability, safety and compliance purposes but can also address bottlenecks or constraints that limit the delivery of renewable energy within a utility's system. In other words, Phase 1 projects are those that would have been completed under the traditional T&D planning process as they impact a utility's obligation to provide safe, reliable, and cost-effective service.
- Phase 2 Projects: These are projects that may increase capacity on the LT&D system to allow for interconnection and delivery of new renewable generation resources into a utility's system. In contrast to Phase 1 Projects, the driving justification for Phase 2 projects, whether the incremental investment to a business as usual project or an entire new project, is the need to support the State's achievement of the CLCPA mandates.

Part 3 outlines the Utilities' plans to incorporate and integrate advanced technologies into both the existing grid and new transmission investment plans. The Report identifies a list of potential technology solutions to address four tasks the Utilities view as vital to achieving the CLCPA targets: 1) alleviate transmission system bottlenecks to allow for better deliverability of renewable energy across the State; 2) unbottle constrained resources to allow more hydro and/or wind imports and the ability to reduce system congestion; 3) optimize utilization of existing transmission capacity and right of ways; and 4) increase circuit load factor through dynamic ratings.[9] The Report's final recommendation relating to advanced technology is to implement a joint research and development (R&D) consortium among the Utilities, with a goal of pursuing two or three R&D projects which will run for two to three years once selected. According to the Utilities, it will take at least six months to establish the consortium.[10]

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking was published in the State Register on November 18, 2020 [SAPA No. 20-E-0197SP3]. The time for submission of comments pursuant to the Notice expired on January 19, 2021. Comments were received from 22 stakeholders. The comments received are addressed below.

COMMENTS

The comments received address a broad number of issues and topics associated with the various findings, proposals and recommendations offered by the Utilities in the Report. The comments summarized and addressed here are those related to the

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[9] Report, pp. 251-252.

[10] Id.

Phase 1 project proposals and advanced technologies as discussed in this Order. The remaining comments will be detailed, as appropriate, in future orders when the Commission addresses the remaining proposals.

Phase 1 Projects

Most of the comments received addressing Phase 1 projects generally support the swift approval of the Phase 1 projects proposed in the Report. Specifically, the Utilities, Alliance for Clean Energy New York, Advanced Energy Economy Institute, American Clean Power Association and Natural Resources Defense Council (collectively, the Renewable Energy Advocates), EDF Renewables New York (EDFR), Borrego Solar Systems, Inc. (Borrego), New York Solar Energy Industries Association (NYSEIA), and Invenergy Renewables, LLC (Invenergy) all submitted comments urging the Commission to approve the projects as proposed in the Report.

According to NYSEIA, the Report adequately demonstrates that the Phase 1 projects are required due to existing reliability and compliance concerns. NYSEIA notes the inherent lag between rate cases and, therefore, urges the Commission to provide an alternative process to review projects. The Utilities recommend that the Commission approve Phase 1 projects not included in current or pending rate cases and treat the projects as incremental investments to approved rate case budgets. While supportive of the projects, the Renewable Energy Advocates request that the Utilities make additional information available as soon as possible to allow stakeholders to determine a project’s ability to reduce thermal overloads and thereby support renewable energy development.

The Utility Intervention Unit, Division of Consumer Protection, Department of State (UIU), the City of New York (City) and LS Power Grid New York Corporation I (LS Power) filed comments opposing the approval of some or all of the Phase 1 projects on the basis that the projects either go beyond the scope of the Initiating Order or the Utilities failed to provide adequate details and/or cost information. Specifically, UIU notes in its comments that the Utilities have not demonstrated that the projects are necessary to meet CLCPA goals and are cost-effective and have failed to provide the revenue requirement impact of the projects. Both UIU and LS Power noted that a BCA analysis should be used to evaluate both the Phase 1 and Phase 2 projects. In its comments, LS Power specifically took issue with the quality of information provided by some of the Utilities, including Con Edison and O&R, in support of Phase 1 projects. Similarly, the City opposes Con Edison's proposed Phase 1 projects on the basis that it has not demonstrated that the projects are the most appropriate or cost-effective solutions to address the identified reliability needs. The City also notes its concern with the lack of discussion of alternatives and the Utilities' failure to provide any explanation or discussion as to why the projects proposed in the Report are the best solution. Lastly, both the City and LS Power assert that the Report lacks the necessary transparency to understand and quantify the benefits of the proposed projects.

<u>Project Review</u>

In its comments, Multiple Intervenors (MI) notes its concern with the costs of the proposed projects, considering ratepayers also fund traditional LT&D projects and other climate and public policy initiatives. According to MI, spending on these LT&D projects must be considered and analyzed within the context of other utility spending, preferably within a rate proceeding. MI requests that the Commission provide ratepayers a meaningful opportunity to examine the projects, and related costs, and comment on whether the projects are in the public interest. MI asserts that projects considered outside the rate case process should be subject to a quasi-hearing process that allows for discovery of information and ratepayer input equivalent to that provided in a rate proceeding.

Advanced Technologies

The comments received addressing the use of advanced technologies all support the integration of such technologies into project planning and implementation to improve the deliverability of renewable energy. Some commenters, including the Renewable Energy Advocates, Borrego and NYSEIA, encourage the Commission to consider an accelerated deployment of advanced technologies. NYSEIA and Transource Energy LLC (Transource) note that the Utilities should prioritize technologies that have been successfully piloted and begin integrating those technologies into project planning and implementation. Borrego and Renewable Energy Advocates both encourage the Commission to consider distribution-level technologies to provide immediate opportunities as a bridge for capacity constraints, while New York Battery and Energy Storage Technology Consortium (NY-BEST) advocates for a more robust consideration of energy storage technology. Lastly, while the City supports the joint R&D effort proposed by the Utilities, it recommends that the scope of such efforts be expanded to include other transmission owners and industry trade groups to avoid duplication, gain perspective and maximize cost efficiencies.

DISCUSSION

The CLCPA established aggressive targets that will require close collaboration between Department of Public Service (Department) Staff and the Utilities to address many necessary changes to longstanding policy, planning, and technology processes and considerations. While these initiatives will take time to implement, Phase 1 projects provide a near-term opportunity for the Utilities to achieve significant CLCPA benefits through their existing capital, asset maintenance, and reliability programs.[11] As noted above, the Commission will address Phase 2 projects and the proposed CLCPA planning criteria in forthcoming orders.

The Utility Study

In the Initiating Order, the Commission directed the Utilities to identify: 1) where capacity “headroom” currently exists; 2) existing constraints or bottlenecks that limit energy deliverability; 3) potential synergies with traditional capital expenditure projects (i.e., aging infrastructure, reliability, resilience, market efficiency, operational flexibility, etc.); 4) least-cost upgrade projects to increase the capacity of the existing system; 5) potential new or emerging solutions that may be used to augment traditional upgrades; 6) potential new projects to increase capacity to allow for interconnection of new renewable generation resources; and 7) possible fossil generation retirements and the impacts and potential availability of those interconnection points.

In performing this analysis, each of the Utilities assessed its LT&D system using the New York Independent System Operator (NYISO) 2019 CARIS 70x30 scenario for projected system

[11] The Utility Study estimates that the proposed Phase 1 projects provide sufficient additional headroom to unbottle up to 6.6 GW of renewable generation through local transmission upgrades and 2.0 GW through distribution upgrades.

conditions and renewable generation in 2030.[12] The NYISO scenario models approximately 30,000 MW of utility-scale renewable generation resources. The Utilities modified certain CARIS assumptions to reflect 2020 updates to planned resource queues. The Utilities also noted that while the CLCPA requires 9,000 MW of offshore wind by 2035, they found it reasonable to model 9,000 MW of interconnected offshore wind by 2030 to capture the full impact of the CLCPA mandate in the study rather than the 6,100 MW modeled in CARIS for 2030. In some instances, the Utilities also modified the expected interconnection points for new renewable resources.

Using these assumptions, the Utilities evaluated existing levels of "headroom," which is the power transfer capability of the system in excess of its current needs. Headroom can be viewed as either "on ramp" or "off ramp." "On ramp headroom" refers to the capability of the LT&D system to export additional renewable resources to the bulk power system. In contrast, "off ramp headroom" refers to the capability of the LT&D system to import additional resources from the bulk power system into load pockets. The Utilities also looked at internal transmission constraints within individual load pockets.

Using this assessment of the system's capabilities, the Utilities then evaluated the incremental headroom expected to result from both planned capital expenditures and potential new projects. The Utilities grouped the candidate projects into

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[12] CARIS is the NYISO's *Congestion Assessment and Resource Integration Study*, which presents an assessment of historic and projected congestion on the State's bulk power transmission system and provides an analysis of the potential costs and benefits of relieving that congestion. For these purposes, congestion is a transmission constraint which results in the need for the use of higher cost resources due to limitations on lower cost resources to prevent transmission system operating violations.

two categories, Phase 1 and Phase 2. Phase 1 projects are those contributing to enhanced headroom that are either already in the utilities' planning forecasts, based on traditional utility planning criteria, while Phase 2 projects consist of new projects needed to accomplish CLCPA goals. This Order addresses the Phase 1 category, which the Utilities propose to fund through established rate recovery mechanisms.[13]

The Phase 1 Projects

Generally, the upgrades identified as Phase 1 projects include the following types of facilities:

1. Circuit rebuilds with larger current carrying conductors.

2. Circuit rebuilds at higher operating voltages (e.g., from 69 kV to 115 kV) to transmit higher levels of energy on the same conductors.

3. Replacement of existing transformers with higher capability transformers.

4. Reconfigurations and additions of new circuits or substation transformers to increase overall transfer capability.

5. Addition or capability upgrades of Phase Angle Regulators (PARs) or series reactors each of which help control and balance flows on the power system to make more effective use of the system and increase overall system transfer capability.

6. Replacement and upgrade of existing "weak-link" equipment (notably in substations) which currently serve as "choke-points" to restrict overall transfer capability.

[13] As discussed below, a number of the Phase 1 projects have been submitted in pending rate filings or are included in approved rate plans.

While not all reliability-driven rebuild projects necessarily contribute to CLCPA goals, the Phase 1 projects are expected to increase transfer capability, thereby enhancing deliverability. This results from a combination of factors, primarily updates in equipment and operational standards and changes in commercially-available technologies, that work to enhance the facilities' performance characteristics.[14] Thus, these projects are not replacements-in-kind but upgrades resulting from the evolution in technology and system standards since the original facilities were constructed.

The Commission addresses these proposals first because they contribute to CLCPA goals and can be implemented in the near-term, which is critical to the timely achievement of the CLCPA targets. Although they may be reprioritized to capture the coincidental CLCPA benefits earlier than might otherwise occur, their primary objective is to meet fundamental reliability, safety and/or other compliance requirements. In addition, because the projects are required to meet traditional infrastructure needs, existing cost recovery mechanisms can be used to fund them. The Commission, therefore, agrees with the Utilities' recommendation that these projects be funded by the ratepayers of the utility proposing the project.

Thus, the Commission finds that the cost allocation and recovery of these projects should be the same as they would be without the CLCPA mandates. The rate recovery through additions to rate base, which results in depreciation expense as well as return on investment, should be consistent with other

[14] The Commission notes UIU and LS Power's comments regarding the use of a BCA analysis to evaluate Phase 1 projects. However, Phase 1 projects are developed to address reliability, asset condition, or safety concerns, and therefore should not be subject to a BCA analysis.

typical capital projects that address reliability or asset condition issues.

To encourage the Utilities to undertake Phase 1 projects on a schedule that supports CLCPA targets, the Commission recognizes the potential need to allow for the recovery of carrying charges (i.e., return on investment, depreciation expense and operating expenses) associated with projects undertaken outside of a rate case.[15] Should the Commission approve any such petition, as discussed below, cost recovery will be moved into base rates when a new rate plan is next established.

Processes for Review of Phase 1 Projects

The Phase 1 projects proposed in the Utility Study fall into two groups: projects that have been submitted in rate filings that have been or will be included in rate plans approved by the Commission, and projects that are not funded in existing rate plans.[16] Going forward, the Utilities shall incorporate planning for CLCPA objectives into rate proceedings for “business as usual” LT&D investments that also provide CLCPA benefits, consistent with traditional planning for T&D infrastructure. Projects will be proposed and reviewed in rate proceedings as part of the Joint Utilities’ ongoing planning obligations.

However, the Commission recognizes that funding for these projects is limited to the levels established in rate plans. The Commission also acknowledges that, in the short term, relying strictly on rate case cycles to provide for cost

[15] It should be noted, however, that cost recovery for Phase 1 projects approved under this process would not begin until the facilities are placed into service.

[16] Several projects proposed by National Grid, Central Hudson, and O&R are subject to review in ongoing rate proceedings.

recovery of the proposed Phase 1 projects may delay the achievement of the CLCPA goals. Therefore, an alternative course must be established through which the Joint Utilities may seek cost recovery for Phase 1 projects in instances where funding through the existing capital budget is not practical.[17]

To solve this problem, where funding is not available in a rate plan, the Joint Utilities may petition the Commission for authority to recover the carrying costs and expenses of such projects, as described in greater detail below.[18] However, we expect that this mechanism will be needed only in the short term, as the Joint Utilities adjust their planning processes to take account of CLCPA deadlines. Once those deadlines and requirements are incorporated into the Utilities' capital planning processes and rate plans, the Commission does not anticipate a continuing need for the Joint Utilities to rely on petitions for incremental funding of Phase 1 projects.[19]

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[17] Some Phase 1 projects are included in the capital plans adopted in the respective Utilities' rate plans. For Phase 1 projects not included in existing rate plans, adequate funding may be achieved through reprioritization.

[18] Con Edison recently filed such a petition seeking Commission authorization for cost recovery associated with three Phase 1 projects. 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 (filed December 30, 2020).

[19] The Commission notes MI's concern regarding the ability for intervenors to meaningfully participate outside of a rate case process. It is the Commission's expectation, however, that intervenors will have a meaningful opportunity to participate in the full review of these projects whether presented in a rate filing or petition.

Several commenters expressed concern that the Utilities did not provide sufficient information about the projects and their related costs in the Report. The Commission agrees that proposals made outside a rate filing must include an adequate level of information to permit meaningful stakeholder review. When seeking funding for projects either in a rate filing or by petition, the Utilities shall provide, at a minimum, the following evaluation and justification information for each Phase 1 project:

1. A description of the attributes of the existing electric system, including single line drawings and a geographical map of the affected area (load or generation pocket);

2. A description (including locations, characteristics and levels) of existing and forecast local loads, non-renewable generation, renewable generation, and import/export transfer capability (total and excess or headroom) from and to the bulk electric system;

3. A description of other currently planned relevant transmission and distribution projects including a detailed description and explanation of their associated drivers (reliability violations, asset condition, customer requests, mandates, capacity upgrades needed, etc.), and the associated changes in import/export capability expected to occur from these projects. These will define the base system before the proposed Phase 1 projects are added.

4. A detailed description of the proposed project including single line drawings, area geographical map, detailed construction schedule including in-service date, detailed capital and operating cost estimates, incremental right-of-way (ROW) requirements. A description of the project’s contribution toward CLCPA goals, including the expected change in import/export transfer capability (headroom) from and to the bulk electric system compared to the base system defined in Item 3 above. If cost recovery is being sought outside of a rate filing, justification for its prioritization must be provided. The justification shall include an

explanation as to why other capital spending cannot be reduced to provide funding.

5. A discussion of viable alternative projects and approaches including an evaluation of their relative merits and disadvantages compared to the proposed Phase 1 project, as well as the risk of no action.

Next Steps for the Proposed Phase 1 Projects

The Commission finds, based on the Report, the comments, and Staff’s input, that Phase 1 projects present an important opportunity to support CLCPA objectives. Therefore, the Commission directs the Joint Utilities to proceed with development of the Phase 1 LT&D projects which have been incorporated into the Utilities’ capital planning processes and rate plans. To the extent proposed projects are not included in rate plans, they shall be included, with supporting information, in the Joint Utilities’ next rate filings. If projects are needed to meet CLCPA deadlines sooner than can be achieved through a utility’s next rate filing, the utility may file a separate petition, as previously discussed. However, the utility should consider whether projects can be reprioritized within its current budgets before filing a petition for additional cost recovery.

The Joint Utilities shall provide semi-annual reports, to be filed in this proceeding, detailing the status of the funded Phase 1 projects. The report is to include a description of the project, the in-service date, the associated CLCPA benefits, the budgeted and actual cost of the project 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.

Advanced Technologies

The Initiating Order acknowledged the need for utility investment planning processes “to take fullest practical advantage of new technology and other innovation.”[20] In response, the Report describes the Utilities’ plans to consider opportunities for grid investments in advanced technologies and includes some recommendations to improve planning for the implementation of such investments. The Commission intends to explore these issues more completely in a future determination. However, the Utilities’ recommendations regarding advanced technologies suggest that interim guidance on this topic is needed.

As described in the Report, the Utilities’ proposed implementation of advanced technologies does not focus on the use of such technologies in the near term. Rather, the Report proposes to establish a joint R&D consortium among the Utilities with a goal of pursuing two or three R&D projects. The establishment of a consortium is prudent for emerging advanced technologies and innovations that are in the initial R&D stages. However, as noted in some of the comments, the Utilities could implement well-established advanced technologies in the near term, specifically those that have advanced beyond the R&D and pilot phase and have been deployed in New York and other jurisdictions. Such established technologies can offer significant benefits by expanding the CLCPA benefits of the projects.

To maximize the Phase 1 projects’ contributions to the CLCPA targets and reduce costs to ratepayers, the Utilities shall endeavor to incorporate established advanced technologies as they continue to identify and design these upgrades, where

[20] Initiating Order, p. 4.

appropriate.[21] The Commission directs the Joint Utilities to consider the applicability of one or more advanced technologies when developing Phase 1 local transmission projects. Specifically, the Joint Utilities shall refer to the discussion of advanced technologies in section III.B of the Initial Report on the Power Grid Study and the particular technologies noted in subsection E of that report as potentially applicable to such projects. When seeking funding, either in a rate filing or petition, the Joint Utilities shall provide the results of this analysis. In the event that a utility proposes a project without incorporating any advanced technology, the utility shall include an explanation as to why it concluded that the deployment was not justified for the project.

Recommendations for Future Planning Studies

Lastly, the Commission notes that the methods used by the Utilities to determine headroom differed not only between the companies but also between existing versus potential headroom calculations. It is important that future investments, in particular the Phase 2 projects that are primarily driven by CLCPA objectives, are identified and evaluated within a common analytical framework to the maximum extent possible. To accomplish this goal, the Commission directs Staff to develop a straw proposal for a study methodology or methodologies that will generate an improved understanding of system headroom for the purpose of evaluating the CLCPA benefits of potential projects. Staff shall file this proposal in this proceeding no later than 30 days after the issuance of this Order. A Notice

[21] We recognize that the Utilities have detailed their plans for adopting advanced technologies at the distribution level in their Distribution System Implementation Plans (DSIPs). At the present time, our directive in this Order is limited to projects proposed as local transmission.

of Proposed Rulemaking on the Staff proposal will be published in the State Register. In addition, Staff shall host a technical conference on the straw proposal prior to the expiration of the public comment period.

The Commission orders:

1. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall proceed with the Phase 1 projects already included in a rate filing or rate plan, and 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, as discussed in the body of this Order;

2. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall provide semi-annual reports, to be filed on January 1st and July 1st of each year, as discussed herein;

3. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall consider the applicability of one or more advanced technologies to each of their Phase 1 transmission projects, and provide the results of their evaluations, as described herein;

4. Department of Public Service Staff shall develop a straw proposal, to be filed no later than 30 days after the issuance of this Order, for a study methodology or methodologies that will generate an improved understanding of system headroom for the purpose of evaluating the CLCPA benefits of potential projects;

5. In the Secretary’s sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

6. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS
Secretary