

Updates to Public Policy Transmission Planning Process Manual

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Agenda

- **Background**
- **Updates by Manual Sections**
- **Next Steps**

Background

- **Following completion of the Western New York and AC Transmission Public Policy Transmission Projects, the NYISO conducted a “lessons learned” process with its stakeholders**
- **As part of the “lessons learned” process, the NYISO, in conjunction with its stakeholders, proposed two sets of tariff amendments to improve the Public Policy Transmission Planning Process (Public Policy Process)**

Background

- **In February 2019, FERC accepted tariff changes to clarify, streamline, and enhance the Public Policy Process (Docket No. ER19-528) (“short-term tariff improvement” filing)**
 - Technical conference to be held before solicitation
 - Elimination of the pause point for NYPSC to confirm the need
 - Consistent project information between Public Policy Process and interconnection process
 - Other revisions/clarifications/clean-ups including refund of interest on study deposits, transmission project information requirement, and confidentiality

Background

- **In February 2020, FERC accepted tariff changes to consider cost containment in the Public Policy Process (Docket No. ER20-617)**
 - Developer may voluntarily include in its Public Policy Transmission Project a cost cap in the form of either hard cap or soft cap
 - Requirements about how cost containment should be submitted and evaluated.
 - Requirements to include cost containment commitment in the *pro forma* Development Agreement
 - Requirements regarding how cost containment commitments will be implemented

Objectives

- Update the Public Policy Transmission Planning Process Manual (Manual-36) to reflect the tariff revisions accepted by FERC
- The NYISO also made conforming changes, clarifications, web link fixes, and clean-ups to improve the manual

Section 1: Overview

- **Section 1.1: Made conforming changes related to Comprehensive System Planning Process, including referring to Generator Deactivation Process/Short Term Reliability Process, and revising process flow diagrams**
- **Section 1.2: Public Policy Process**
 - Consolidated the four steps of the process to three steps to be consistent with the description in the tariff. The three steps are: 1. identification of need, 2. request for solutions and Viability and Sufficiency Assessment, and 3. Evaluation and Selection
 - The “short term tariff improvement” changes eliminated the pause point for the NYPSC to confirm the need and added a Technical Conference before solicitation. Figure 2 was updated to reflect these changes. NYPSC can still eliminate and modify a transmission need at any time prior to the NYISO’s selection
 - Revised the description of the planning cycle for performing the Public Policy Process, including addressing off-cycle processes conducted at NYPSC’s request or when NYPSC modifies need
 - Revised the description of the Public Policy Transmission Planning Report consistent with the updated tariff language

Section 1: Overview

- Table 1 added for illustrative timeline. The actual timeline depends on many factors including the NYPSC process, complexity of the needs and proposals, numbers of proposals submitted, and review by stakeholders and NYISO Board

| Major Steps | Responsible Entity | Process Steps | Requirement | Estimated Months by NYISO |
|--------------------------------------|--------------------|---|-------------|---------------------------|
| Solicitation of Solutions | NYISO | Prepare baseline analysis | OATT | 3 |
| | | Hold technical conference | OATT | |
| | | Issue solicitation for solutions | OATT | 2 |
| | | Solutions due in 60 days | OATT | |
| Viability and Sufficiency Assessment | NYISO | Perform Viability & Sufficiency Assessment | OATT | 4 |
| | | Stakeholder review | OATT | |
| | | Final Viability & Sufficiency Assessment filed with PSC | OATT | |
| Evaluation and Selection | NYISO | Evaluate transmission solutions and issue draft report | OATT | 6 |
| | | Stakeholder review | OATT | 3 |
| | | Board review and action | OATT | |

Section 2: Identification and Determination of Transmission Needs

- Clarified in Section 2.1 information required for proposed Public Policy Transmission Need to “describe how the construction of the transmission will fulfill the Public Policy Requirements”
- Section 2.2 clarified that the NYISO will post NYPSC identified needs on the NYISO website for stakeholders/interested parties to provide input to the NYPSC on the need.
- Clarified in accordance with the tariff that the NYPSC determination of need will specify “the required timeframe, if any, for completion of the proposed solution” and that: “If the PSC does not identify any transmission needs driven by Public Policy Requirements, it will provide written confirmation of that conclusion to the ISO, and the ISO shall not request solutions. The ISO shall post the NYPSC’s statement on the ISO’s website.”

Section 3: Solicitation of Proposed Solutions

- **Section 3.1 - replaced language that duplicates tariff requirements on developer qualification with reference to applicable tariff requirements**
- **Section 3.2 added to reflect the Technical Conference inserted as part of the “short term process improvement” filing**
 - “Pursuant to Section 31.4.4.3.1 of Attachment Y, following the posting of the NYPSC’s determination of a Public Policy Transmission Need the NYISO shall hold a technical conference with Developers and interested parties to obtain their input on the NYISO’s application of the selection metrics set forth in Section 31.4.8.1 for purposes of soliciting solutions to the Public Policy Transmission Need. At the technical conference, the NYISO will review the assumptions, methodologies, and application of selection metrics with Developers and interested parties. To the extent practicable, the NYISO will present at the technical conference the contingency percentages and escalation factors to be used by its independent consultants for formulating capital cost estimates, as described in Section 31.4.4.3.1.”

Section 3: Solicitation of Proposed Solutions

■ Section 3.3 Request for Proposed Solutions

- Clarified that Interregional Transmission Projects, if any, will be evaluated in accordance with the Public Policy Process, and also jointly evaluated with neighboring regions in accordance with the Northeastern ISO/RTO Planning Coordination Protocol
- Clarified requirements for NYPSC or LIPA's Board of Trustees to direct submission of a proposed solution in response to address a Public Policy Transmission Need

■ Section 3.4 Submission of Project Information

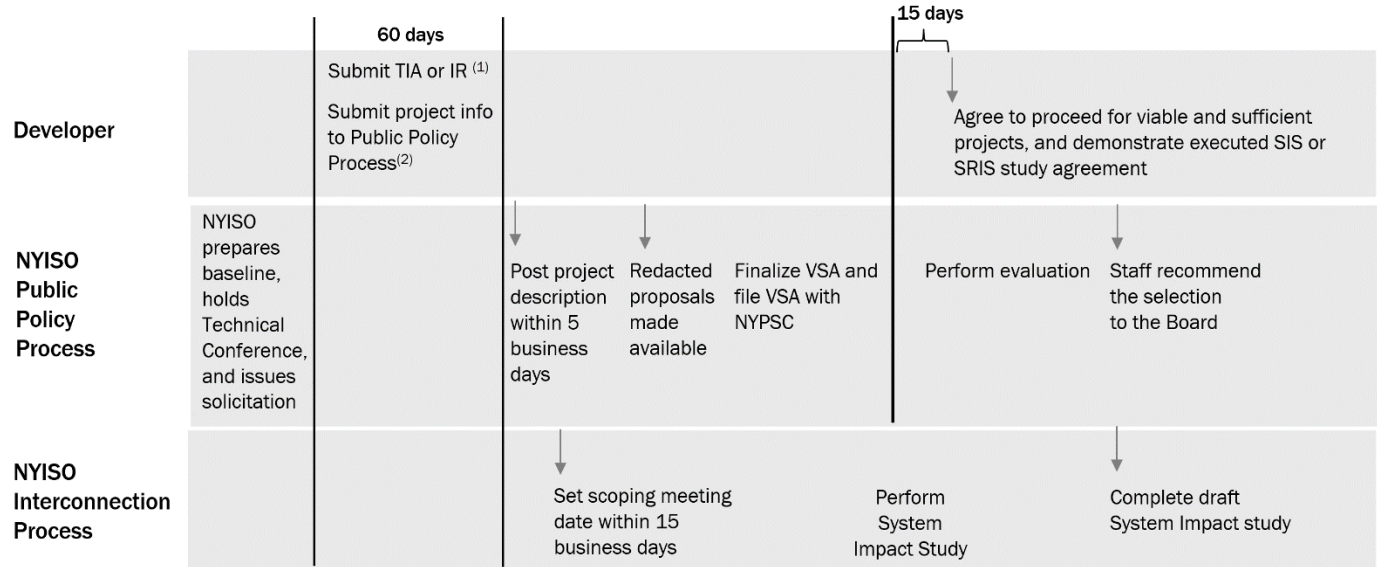
- To be consistent with the “short term process improvement” revisions, added that “within five (5) business days following the end of the 60-day solicitation period, the ISO shall publicly post a brief description of the project proposals in accordance with ISO Procedures, which description shall not include Critical Energy Infrastructure Information or Confidential Information.” (3.4.1)
- Inserted reference to requirements for submission of redacted and un-redacted project information. (3.4.1)
- Replaced language that duplicates tariff requirements on developer qualification and project information with reference to applicable tariff requirements. (3.4.1)

Section 3: Solicitation of Proposed Solutions

- **Section 3.4 Submission of Project Information (cont'd)**
 - Clarified that the only permitted alternatives within a proposed Public Policy Transmission Project are routing alternatives. Any other alternative must be submitted as a separate Public Policy Transmission Project. (3.4.2)
 - Added project information requirement for cost containment. A Developer may voluntarily submit a Cost Cap for its project that covers its Included Capital Costs, but not its Excluded Capital Costs, in the form of either a hard or soft Cost Cap in accordance with the requirements in Section 31.4.5.1.8 of Attachment Y. (3.4.2)
 - To reflect the “short term process improvements” revisions, when Developer submits the Public Policy Transmission Project proposals, it shall demonstrate that it has submitted, as applicable, a new or revised Transmission Interconnection Application or Interconnection Request for the project, which application or request shall contain the same project information including the same electrical characteristics. (3.4.2)
 - Inserted reference to applicable interconnection procedures that a Developer submitting a Public Policy Transmission Project must satisfy. (3.4.4)

Section 3: Solicitation of Proposed Solutions

- Figure 3 added to illustrate parallel requirements in Public Policy Process and interconnection process.



1. Submit Transmission Interconnection Application or Interconnection Request set forth in Attachments P and X of the OATT, which application or request shall contain identical information as submitted in the Public Policy Process.
2. Submit info in accordance with Section 31.4.4.3.2 of OATT including executed study agreement, redacted and un-redacted proposals, and \$10K application fee and \$100K study deposit.

Section 4: Study Cases Development

■ Section 4.1

- Updated language to indicate that the Public Policy Process analysis will begin with the most recent Reliability Planning Process base case updated in accordance with the “base case inclusions rule contained in the Reliability Planning Process Manual.”

■ Section 4.2 Study Case Types

- Removed the reference to Siemens PTI PSS/MUST software in Figure 4
- Clarified that the economic metrics in Public Policy Process will be calculated over twenty years following the expected in-service date of the proposed projects. (4.2.5)

Section 5: Viability and Sufficiency Assessment

■ Section 5

- Changes provide that the NYISO will provide the draft Viability and Sufficiency Assessment to the NYDPS, rather than the NYPSC, and that the final Viability and Sufficiency Assessment will be filed at the NYPSC
- Revisions to clarify scope of Viability and Sufficiency Assessment consistent with tariff language

■ Section 5.1

- Change made to reflect tariff requirement that the Developer notify the NYISO that it intends to proceed with its project, within 15 days rather than within 30 days of the NYISO's filing of the Viability and Sufficiency Assessment at the NYPSC
- The notice must include a demonstration that the Developer has an executed SIS Agreement or SRIS Agreement, as applicable
- Removed consent to disclose information requirements align with updated confidentiality requirements in tariff

■ Section 5.2 Study Case Types

- As part of the “short term tariff improvements” revisions, the NYISO eliminated the pause point for NYPSC review, but the NYPSC can still eliminate and modify a transmission need at any time prior to the NYISO's selection. The Manual revisions reflect this change. Following a modification, the NYISO will re-start its Public Policy Process as an out-of-cycle process to evaluate Public Policy Transmission Projects to address the modified Public Policy Transmission Need

Section 6: Evaluation of Public Policy Transmission Projects for Efficiency or Cost Effectiveness

■ Section 6.1 Evaluation for Efficiency or Cost Effectiveness

- Clarified description of selection process and metrics to more clearly align with tariff language.
- Added that “NYISO will evaluate any voluntary Cost Cap made by a Developer on a quantitative and qualitative basis in accordance with Section 31.4.8.2 of Attachment Y”
- Added that “in formulating the independent consultant’s estimate for the total capital costs of a Public Policy Transmission Project, the NYISO and its independent consultant may add appropriate contingency percentages and escalation factors”

Section 7: Public Policy Transmission Planning Report

- Replaced language that duplicates tariff requirements on Public Policy Transmission Planning Report, including stakeholder and Board review, with reference to applicable tariff requirements

Section 8: Post-Selection Developer Requirements

- Added that “If a Developer submitted a Cost Cap for its Public Policy Transmission Project selected by the NYISO, its Development Agreement for that project shall contain the Cost Cap”
- Replaced language that duplicates tariff requirements on actions the NYISO can take if a Developer does not proceed with its project or its Development Agreement is terminated with reference to applicable tariff requirements

Section 9: Cost Allocation and Recovery

- Added that “a Developer that voluntarily submitted a Cost Cap for its Public Policy Transmission Project must comply with the cost recovery requirements associated with the Cost Cap that are set forth in Section 6.10.6 of Rate Schedule 10 of Attachment Y and its Development Agreement.”

Section 10: Monitoring of Selected Public Policy Transmission Projects

- Updated the email address to which the quarterly reports should be sent
- Added new Section 10.2 on NYISO monitoring of Developers' Cost Caps:
 - “If the NYISO has selected a Public Policy Transmission Project for which the Developer proposed a Cost Cap for its Included Capital Costs, the Developer must submit to the NYISO all information the NYISO requests to facilitate the NYISO’s review of the Developer’s implementation of the Cost Cap.”

Attachments

- **Attachment B: added Question 11 “Please describe the voluntary cost containment for the proposed projects if applicable” and provided for Developers to submit related work papers detailing cost containment calculations**
- **Attachment C**
 - In the “Example Estimated Substation/Transmission Project Cost Detail” tables, added a column to indicate if the itemized costs are Included Capital Costs for cost containment evaluation purposes
 - Under “Estimated Project Cost Detail”, added a section for cost cap total amount and risk sharing if it is soft cap
- **Attachment E, the Study Agreement for Evaluation of Public Policy Transmission Projects, was included in OATT 31.12. Therefore, it was removed as a manual attachment**

Next Steps

- Please provide additional comments to PublicPolicyPlanningMailbox@nyiso.com by April 10, 2020
- Discuss at April 23, 2020 ESPWG/TPAS
- Post the proposed manual revision for a 15-day review period
- Targeting May 20, 2020 Business Issues Committee for approval

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- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policymakers, stakeholders and investors in the power system



Questions?