

**NYISO's Western New York  
Public Policy Transmission Needs**

**Comments of Exelon Transmission Company, LLC**

**July 25, 2017**

Exelon Transmission Company, LLC (“ETC”) appreciates the opportunity to submit comments to the New York Independent System Operator (“NYISO”) regarding the Western New York Public Policy Transmission Needs (“WNY PPTN”) solicitation. ETC supports State and Federal efforts to provide a regulatory framework that aids the development of energy infrastructure and welcomes the NYISO’s WNY PPTN solicitation. This is a valuable step that complements and integrates other steps taken by the State to facilitate pursuit of challenging energy goals. This first solicitation addresses many issues and we agree with its fundamental objectives.

ETC was an active participant in the WNY PPTN solicitation and has a proposed solution in the solicitation. In general, the entire WNY PPTN process, while it has taken significantly longer than similar Order No. 1000 solicitations in other regions, was an open and smooth process. However, ETC has several comments, questions and recommendations which we believe will enhance future competitive solicitations.

- As WNY PPTN is one of the first Public Policy solicitations issued by the NYISO, the timing from solicitation announcement to proposal selection was difficult to provide to stakeholders. However, in future Public Policy solicitations, clarity around the timeline would be beneficial as it would enable developers to budget for pre-development work, option agreements and other items that enable successful project development.
- In future Public Policy Transmission Needs solicitation, it would be beneficial to transmission developers if NYISO published the list of Non-BPTF upgrades prior to the Needs announcement.
- The Western New York Public Policy Transmission Needs solicitation letter mentioned that two different dispatches for Niagara and Lewiston would be studied; however, the draft report mentioned that in addition to the two different dispatches of Niagara, two dispatches for wind farms were also studied. In future solicitations please include all dispatch assumptions that will be included in the Phase 2 analysis as this will assist Transmission Developers in identifying the most robust solution to meet the NYISO’s requirements.

- The project cost that was used in calculating all the criteria metrics was the independent overnight cost and not the developer proposed cost. If the NYISO does not intend to use the developers proposed cost, please explain why the NYISO requested a very detailed cost breakdown from the developers? Coming up with a cost estimate is a lengthy process that requires significant resources. If the developer's cost estimate is not used, the developer can better use the time to come up with a more efficient and effective solution in the limited time that is allotted to submit the bid.
- The NYISO plans to use a set of certain criteria to rank the proposed solutions. In future solicitations, it would benefit participants if the exact qualitative and quantitative criteria were explicitly known at the time when the solicitation is released. Specifically, how the criteria are used, what ratios the NYISO intends to use, and the weight of each criteria.



The following questions are in regard to the draft Western New York Public Policy Transmission Planning Report and the SECO Technical Review Report:

- For the various transfer analyses, please provide the year or range of years over which the change in transfer capability was calculated. For instance, in Table 3-5: 2014 RPP OH to NY Transfer across Niagara Ties, please clarify what base case year was used. If a base case based on 2014 assumptions used, please elaborate on why a more recent FERC Form 715 case was not used.
- Similarly, for the Production Cost Change, please indicate if the production cost change was for a particular simulation year or a range of years. CARIS Manual Section 3.3.2 states that Production Cost changes will be calculated based on the first ten-years of the project, “beginning with the first year of the project’s proposed Commercial Operation (CO) date”; if this was used, please clarify if a MAPS simulation was performed for each year or select years were chosen and intermediate years were interpolated. If the Production Cost was calculated as a net present value, please provide the interest rate assumptions.
- The draft Western New York Public Policy Transmission Planning Report mentions that “[t]he [production cost savings] study period begins with the proposed in-service date by the developers and goes out 20 years”; please elaborate on why the NYISO Manual M-35 CARIS procedure described in Section 3.3.2 was not utilized (e.g. “evaluating the NYCA-wide production cost savings for the first ten-years of the project, beginning with the first year of the project’s proposed Commercial Operation (CO) date.”).

- As in-service dates vary across the ten Western New York Public Policy Transmission Projects, please indicate over which range of years production cost savings was calculated.
- Under the Load Payment Change results, was the Zonal Load Cost Savings described in CARIS Manual M-35 Section 3.3.3 utilized? If so, please elaborate on the period over which Proposals savings were calculated (e.g. based on the “the first ten-years of the project, beginning with the first year of the project’s proposed Commercial Operation (CO) date” or another range?). If Zonal Load Cost Savings was not calculated, were the Load Payment Change results based on the corresponding zonal LBMP changes (e.g. Tables 3-19 through 3-22)?
- Were TCC revenues included in the Load Payment Change results?
- Please provide the base case Niagara Gen + Niagara Ties flow in 2025 described in Section 3.3.5 of the draft Western New York Public Policy Transmission Planning Report. This summary would help understand the net increase each Project is able to provide relative to the base case.
- Please provide the annual binding flowgate congestion (e.g. Total Shadow Prices) in the base case as well as for the ten Western New York Public Policy Transmission Projects. This report would help understand the nature of congestion in Western New York as well as quantify the amount of benefit each Project is able to reduce congestion in and around Zone A.
- The draft Western New York Public Policy Transmission Planning Report states in Section 3.2.3.1 that “[w]hile some contingencies for the NYISO – PJM West ties and the Stolle Road – Hillside 230 kV path already exist, additional contingencies were deemed necessary to evaluate the potential impact of the projects on these existing facilities.” Please elaborate on what additional contingencies were added to the MAPS model and how these new contingencies were determined as valid and needed.
- NYISO Manual M-36 Section 6.1.1 states “[t]he metric "Cost per MW" is calculated by dividing the present worth of the total capital cost by the MW value. The present worth is calculated by using a discount rate which is the current weighted average cost of capital for the New York Transmission Owners as determined in the most recent CARIS Phase 1 study.” Please provide the weighted average cost of capital that was used in the Transmission Planning Report.

- Table 3-3: High and Low Load Forecast in the Transmission Planning Report includes a column for solar. Please elaborate how this solar forecast was utilized in the MAPS and transfer analyses (e.g. how was the solar distributed across NYISO and what were the capacity factors assumed or was the solar forecast netted out from the energy forecast).
- Please provide the rationale for the cost contingencies used in the independent overnight cost evaluation. Not all proposals had the same contingency; please explain why some proposals received a higher contingency while others were assigned a lower contingency? For example NextEra T015 was assigned a Contractor Mark-Up of 15% and contingency of 20% for the high voltage transmission pieces while National Grid T012 was assigned a Contractor Mark-Up of 15% and a 25% contingency for the high voltage transmission pieces.
- Please explain why the System Upgrade Facilities were assigned a lower Contractor Markup & Contingency than the Contractor Markup and Contingency for the high voltage transmission pieces, for some of the proposals such as NAT T007?
- Please explain why you used an inconsistent methodology when assigning the Contractor Markup and Contingency between the System Upgrade Facilities and the rest of the project. For example, looking at Exelon T017, the Contractor Markup of 15% was assigned to the total of the high voltage transmission pieces. With the Contractor Markup, the total cost of the high voltage transmission pieces was \$203,350,261. A contingency of 25% was then added on top of this amount resulting in adding a contingency on a contingency (the Contractor Markup). In real terms, the 25% Contingency on the Contractor Markup of \$26,523,947 resulted in adding \$6.6 million to the total cost. However, for the System Upgrade Facilities, an all in Contractor Markup & Contingency of 35% was assigned. This methodology did not layer the contingencies serially and therefore the System Upgrade Facilities did not include a contingency on a contingency.
- For Exelon T017, the total independent overnight cost was \$285,625,546. When broken down, the total estimated cost without contractor markup and contingency is \$200,113,514. The markup and contingency accounts for the remaining \$85.5 million. The contractor markup and contingency accounts for 43% of the total independent overnight cost for the proposed project. Please explain the rationale for assigning a 43% contingency?

ETC appreciates this opportunity to provide its comments, and we trust that the NYISO will find them useful.