

June 28, 2018

New York Independent System Operator, Inc.  
ATTN: Board of Directors  
10 Krey Boulevard  
Rensselaer, New York 12144

**RE: NEETNY Comments to AC Public Policy Transmission Need**

NextEra Energy Transmission New York, Inc. (“NEETNY”) appreciates the extensive amount of work undertaken by the New York Independent System Operator (“NYISO”) and its consultants to evaluate proposals provided in response to the AC Public Policy Transmission Need (“AC PPTN”). NYISO’s FERC Order 1000 process is one of the most competitive. The Western NY PPTN and AC PPTN will generate significant savings for New York ratepayers as a result of competition and should be seen as a model for other markets. NEETNY is not challenging the NYISO’s recommendation, but offers the following comments that should be incorporated into future transmission planning processes.

**1. NYISO should include cost containment as part of its evaluation criteria.**

In the AC PPTN, the New York Public Service Commission (“NYPSC”) required developers to provide cost-contained pricing. NYISO exercised discretion in not analyzing or utilizing the cost-contained pricing, which pricing could have helped ensure that NYISO is selecting the more cost effective proposal. Several other RTOs/ISOs, such as the California ISO and Midcontinent ISO, already incorporate cost containment in their FERC Order 1000 evaluation processes. Similarly, PJM has considered cost containment in the evaluation of projects and is enhancing its process through the development and implementation of a formal cost containment evaluation framework. NYISO staff should continue its efforts to add cost containment to its evaluation processes. New York ratepayers would have benefitted from NYISO utilizing cost-contained pricing in the AC PPTN selection to distinguish similar projects.

**2. NYISO should clearly define the evaluation criteria at the start of any competitive process and not add additional metrics during the process.**

NYISO relied on structure height for Segment B projects as one of the critical distinguishing factors between similar projects. NEETNY does not agree with this part of NYISO’s analysis. Although the NYPSC discussed in its AC PPTN Order that minimizing structure height is important, the NYPSC declined to include structure height as an evaluation criterion. Consistent with the NYPSC’s Order, NYISO’s AC Transmission Public Policy Transmission Needs Project Solicitation did not include structure height or visual impacts as evaluation criteria, and did not mention structure height or visual impacts at all. NYISO should

have clearly stated that structure height would be a critical evaluation criterion to put developers on notice. NY Transco raised a similar concern with respect to series compensation in its Segment B proposal, which was effectively treated as a disqualifying factor. Critical criteria and disqualifying factors need to be specified at the outset of the process.

**3. NYISO should treat design, permitting and siting-related issues consistently.**

NYISO and its consultant were inconsistent in evaluating design, permitting and siting-related issues. The T027 proposal (along with T025, T026 and T028) sited a new Rotterdam substation on top of existing gas pipelines. NYISO's consultant determined that the design would require relocating either the gas pipelines or the substation and assessed this as a minor risk. NYISO's consultant did not treat this as a design change because the proposal mentioned alternatives that could optimize the design. The initial design was not constructible as proposed, but was modified by changing the design and adding costs.

In contrast, NYISO assessed T022 and T023 as medium risk and high risk, respectively, based upon structure height increase being more than 10 feet for a portion of the new transmission poles. The T022 and T023 proposals provided that structure height would be refined during detailed design and would be no more than 10 feet taller than existing structures. In contrast to the T027 evaluation, NYISO's consultant only considered height data based on NEETNY's preliminary design, and ignored that structure height would be refined in detailed design with no impact to cost. In future solicitations, NYISO should be consistent in evaluating design, permitting and siting issues that are based on preliminary design.

NEETNY believes that under NYISO's leadership, competition is offering clear and material benefits for New York consumers. Continued improvements to the transmission planning process will expand on these benefits, and NEETNY looks forward to working with NYISO on the next steps.

Sincerely,



**Brian M. Duncan**  
Executive Director