

**Comments of the New York Transmission Owners on
Short Term Improvements to Transmission Planning Processes
May 9, 2018**

The New York Transmission Owners (“NYTOs”)¹ respectfully submit the following comments on the New York Independent System Operator, Inc.’s (“NYISO”) April 30, 2018 “Short Term Improvements to Transmission Planning Processes” presentation (“Presentation”) to the Electric System Planning Working Group (“ESPWG”). While the NYTOs generally support the NYISO’s goal of improving the efficiency of the Comprehensive System Planning Process (“CSPP”) and the Public Policy Transmission Planning Process (“PPTPP”), the NYTOs provide the following comments and propose certain refinements to the proposals set forth in the Presentation.

#1: Two-Stage PPTPP Project Proposals

Rather than requiring a Developer seeking to propose a Public Policy Transmission Project or Other Public Policy Project to submit all required information within 60 days, the NYISO proposes to require such a Developer to provide the project information in two stages: the initial submission² within 60 days and the second submission within 120 days³ (“Two-Stage Proposal”).

The NYTOs support the Two-Stage Proposal as it takes into consideration the burden placed on developers to assemble the required information within a short timeframe and could improve the quality of the information provided. The Two-Stage Proposal, however, requires the following refinements.

First, the NYTOs believe that the NYISO should release the public policy solicitation in draft form a minimum of two weeks in advance of its formal release, so as to provide developers with the opportunity to ask questions, provide feedback that can inform the formal solicitation and gain insights that enable them to prepare their projects more efficiently within the 120-day period.

Second, in any FERC filing addressing the Two-Stage Proposal, the NYISO should explicitly acknowledge the discretion it has under OATT Sections 31.1.8.7 and 31.4.4.3.1 to extend deadlines set forth in Attachment Y for a reasonable period of time, so long as the extension is applied equally to all parties in a reasonable and non-discriminatory manner and the extension

¹ For purposes of these comments, the NYTOs include: Central Hudson Gas & Electric Corp.; Consolidated Edison Company of New York, Inc., National Grid; New York Power Authority; New York State Electric & Gas Corp., Orange & Rockland Utilities; Power Supply Long Island; and Rochester Gas & Electric Company.

² The initial submission would include information related to: “Developer qualification, certain electrical information, characteristics, and other targeted information necessary to conduct feasibility studies and determine a project’s viability and sufficiency.”

³ The second submission would include information related to: “Required project information for proposed transmission solutions for the purpose of conducting system impact studies, and project evaluation and selection. This includes cost estimates, permitting schedule, updates to site control, contracts, interconnection status, equipment, and updates to financing information.”

will not result in a reliability violation. The NYISO should be permitted to exercise the discretion afforded to it under OATT Sections 31.1.8.7 and 31.4.4.3.1 to extend the proposed two stage deadlines, where appropriate.

Third, the NYISO should advise if it is planning to evaluate, either as a short-term improvement or among the long-term improvements later this year, the project evaluation timeline and how this change would impact that timeline. The NYTOs note that one way to abbreviate the project evaluation schedule could be for NYISO to commit, following the responses to its formal solicitation, to complete the evaluation studies within a defined period of time (acknowledging that a time range may be appropriate to accommodate variability in the volume and complexity of submittals).

#2: Identical and Simultaneous Transmission Interconnection Application

NYISO proposes to require (i) a Developer to demonstrate that it submitted a Transmission Interconnection Application or Interconnection Request, as applicable, at the time of its initial submission of project information under the Two-Stage Proposal, and (ii) that the information provided in the application or request be identical to the project description in the Public Policy Transmission Project proposal.

The NYTOs support this change. In addition, the NYISO shall comply with its processes to protect confidential information received from Developers.

#3: Eliminate Pause Point

The NYISO proposes to eliminate the requirement that the NYPSC must issue an order before the NYISO can proceed with its evaluation of transmission solutions following the Viability and Sufficiency Assessment (the “VSA”). Under the NYISO’s proposal, it would begin to evaluate and select the more efficient or cost-effective transmission solution(s) after the completion of the VSA, and receipt of additional project information from the Developers. The NYPSC would retain the ability to cancel or modify the identified Public Policy Transmission Need prior to the NYISO Board of Director’s selection of the more efficient or cost-effective solution(s), which would halt the NYISO’s evaluation.

The NYTOs support the change to eliminate the second NYPSC pause point, but suggest, as a means to mitigate the risk of wasted resources by both NYISO and developers, requesting that the NYPSC establish an earlier target deadline within which the NYPSC may issue a State Administrative Procedure Act (“SAPA”) notice indicating it is considering revoking the Public Policy Transmission Need (“PPTN”)⁴ following NYISO’s publication of the VSA, rather than permitting the NYPSC to do so at any point up until the NYISO Board action. If the NYPSC issues a SAPA notice during that time period, NYISO and developers will be on notice that the PPTN may be cancelled and can adjust the expenditure of their resources accordingly. In the absence of such a notice, however, the NYISO and developers will have the assurance they seek to continue their expenditures.

⁴ The NYPSC and DPS would not waive any statutory authority under this process.

#4: Interest on Study Deposits

The NYISO proposes to revise its tariff to pay the actual amount of interest earned on deposits held in escrow accounts for any portion of the deposit to be refunded to a Developer as opposed to the FERC interest rate for refunds which has been higher than the rate the NYISO earns.

The NYTOs support this proposal.

#5: 20-year CARIS Evaluation Period

The NYISO proposes to evaluate the cost-effectiveness of projects proposed in the economic planning process based on 20 years of project costs and 20 years of project benefits, starting from the proposed in-service date (rather than based on 10 years of information, as it does currently).

The NYTOs do not believe that this change should be separated from the broader reforms the NYISO has announced it would be undertaking later this year. The NYTOs believe that this issue should be addressed as part of the overall Comprehensive System Planning Process Review and not addressed in the fast track applied to Proposals 1 through 4. Separate from this change, the NYISO has also solicited feedback from stakeholders on the CARIS process and noted that it plans to present a proposal in Q3 2018.⁵ We would like to consider the change to the study period in light of the broader CARIS reforms that are being contemplated by the NYISO. The NYTOs encourage the NYISO to defer this change until its broader vision for reforms to the CARIS process is discussed with stakeholders, so that the changes can be viewed holistically.

Second, some of the NYTOs have concerns about the accuracy of the studies that extend to 20 years. Both the Reliability Needs Assessment (“RNA”) and Comprehensive System Plan (“CSP”) are based on 10-year study periods. And while the public policy planning process uses a 20 year evaluation period, important differences between the economic planning process and public policy planning process may justify their distinct evaluation periods. In public policy planning, the decision to proceed with a transmission project solicitation has already been made by the NYPSC based on a Public Policy Requirement at the time the analysis is performed, and the analysis is used to evaluate the relative differences between projects. By comparison, the CARIS results are used by developers to determine whether to proceed with a project proposal based on its expected economics. Such analysis requires more robust scenario analysis to evaluate the range of potential futures and determine whether a new transmission project may be cost effective for customers in light of the uncertainties associated with forecasting future conditions. Expanding the forecast period introduces additional uncertainty into the analysis. Therefore, the NYTOs believe that any study period timing change should be addressed as part of an overall, comprehensive review.

⁵ See NYISO’s April 30th Presentation to ESPWG, “Opportunity for CARIS Process Enhancements/Redesign.”

#6: Cost Containment

*The NYISO states that it seeks to address stakeholder requests for cost containment for Public Policy Projects, and that it plans to address cost containment in the Reliability Planning Process and in the CARIS as part of the market design concept proposal for overall reformulation of the CSPP later this year.*⁶

The NYTOs would support a stakeholder process to discuss cost containment as a consideration in the project selection process. Cost containment as a consideration in the project selection process is an important item that raises a number of complex issues. The NYTOs urge the NYISO to thoughtfully and thoroughly vet its proposals with stakeholders, rather than rushing them through the stakeholder process in time for a July FERC filing. There is no imminent need that requires NYISO to address this issue in such a rushed manner (inasmuch as there is no new PPTN found pursuant to which a solicitation is to be initiated any time soon) and the matter deserves time for adequate consideration and deliberation. The NYTOs urge NYISO not to set this issue or make it the subject of the targeted July 2018 FERC FPA section 205 filing.

Some of the complex issues cost containment raises that NYISO and stakeholders will need to consider include the following, among others:

- FERC’s exclusive authority to determine just and reasonable rates;
- The fact that multiple components of rate design impact the full cost of a project;
- Complexities of comparing projects on an “apples to apples” basis under different cost containment proposals;
- Implications for the sponsorship model of transmission development used in NYISO, in which costs and cost containment proposals are single factors among many that NYISO considers in selection decisions;
- Whether overly prescriptive approaches would infringe on competition in transmission development; and
- The amount of time, cost, complexity, and legal risk cost containment constructs could add to NYISO’s evaluation of competitive transmission projects

These are just a few of many issues which should be thoroughly reviewed and deliberated with stakeholders. Reasonable vetting of these issues will result in more support for a better proposal, assuming the NYISO can reasonably address legitimate stakeholder concerns.

⁶ NYISO also includes a bullet point on slide 23 of its April 30th presentation which asks “Return of, but not on, prudently-incurred costs over cap?” NYISO Staff has clarified that its intention was to suggest a different return on prudently-incurred costs over the cap, *not* the forfeiture of prudently-incurred costs over the cap. FERC has jurisdiction to set applicable rates and must to so in compliance with legal standards.