

# **Phase II: NYISO COMPREHENSIVE TRANSMISSION PLAN**

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ESPWG Meeting

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Albany

# Why Are We Here??

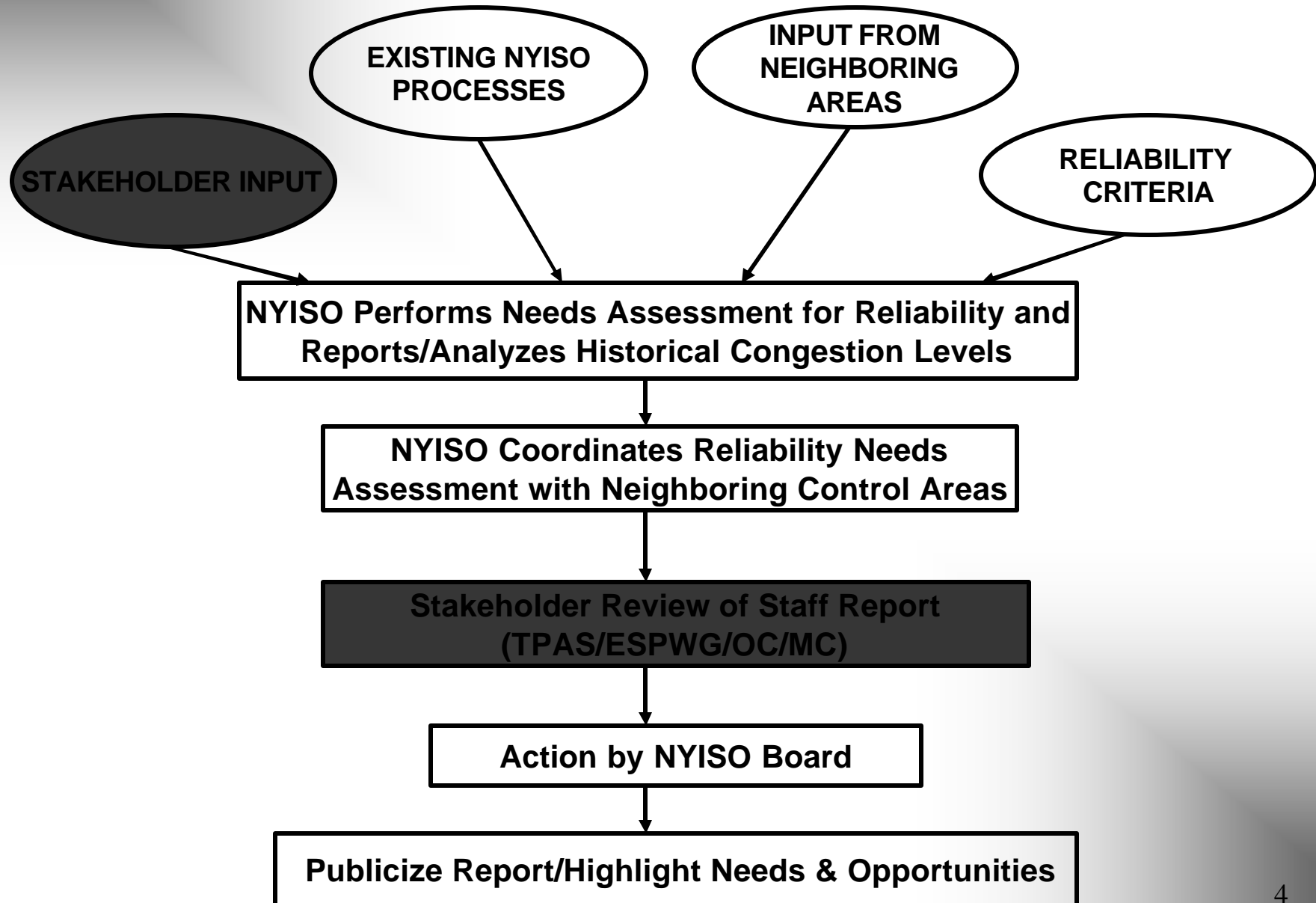
- FERC requirement that ISOs/RTOs must have a comprehensive planning process in place
  - *Order 2000*
  - *SMD NOPR*
  - *White Paper*
- NYISO does not yet have a formalized comprehensive planning process
  - *NYISO RTO Filing was rejected in July 2001*
  - *NERTO filing was withdrawn*
  - *Phase I approval was the first step in this process*
- One of NYISO's Strategic Planning objectives
- Increased emphasis on Planning following recent events

# Phase I: Initial Planning Process

## ➤ Premises

- *No filing necessary*
- *Implement under existing ISO Ageement*
- *Implement under existing ISO Governance process*
  - ▶ Operating Committee approved on September 10th
- *Avoid most contentious issues*
- *Begin implementation by Fall 2003*

# NYISO Initial Planning Process



# Initial Planning Process: Final Steps

## ➤ Publicize Consolidated Plan

- *Present at stakeholder meetings*
- *Post on NYISO website*
- *Distribute broadly to draw attention to identified needs*
  - ▶ E.g. – “Power Alert” type report

## ➤ END OF INTERIM PLANNING PROCESS

## ➤ At this Stage, the NYISO will NOT

- *Make any determination of specific facilities*
- *Issue an RFP in response to needs*
- *Direct any entity to build facilities*
- *Propose any cost allocation process*

# **Phase II: Comprehensive Planning Process**

# Phase II: Comprehensive Planning Process

## ➤ Premises

- *Will need to address FERC RTO/SMD/White Paper requirements*
- *FERC Tariff filing will be required*
- *Will Build Upon the Initial Planning Process*
- *Will need to address and resolve contentious issues*
- *Collaborative efforts to begin immediately upon resolution of the Initial Planning Process*

# Comprehensive Planning Process: Scope

- Builds upon Initial Planning Process
- Initial steps are the same
  - *Inputs, Scope, Needs Assessment, Interregional Coordination*
- Addresses process after the development and approval of the Needs Assessment
  - *Discussion: Should needs assessment include economic needs?*
- Addresses NYISO authority & TO Obligations
- Goal is to ensure that needed upgrades are built to maintain reliability
  - *Discussion: And to meet economic needs/reduce congestion?*



# Comprehensive Planning Process: RFS

## ➤ Request for Solutions

- *Following issuance of Needs Assessment*
  - ▶ **Discussion:** To include economic needs?
  - ▶ Criteria will need to be developed for determination of economic need
- *Open to all resources*
- ***NOT an RFP***
- *Need to determine response timing, qualifications for resources, etc.*
- *TOs would have an obligation to prepare regulated transmission proposals to meet reliability needs*
  - ▶ **Discussion:** Obligation to submit/"voluntary" submission of regulated solutions for economic needs?

# Comprehensive Planning Process: Reliability

## ➤ NYISO Evaluation of Reliability Proposals

- *If Market proposals are judged sufficient to meet the identified needs in a timely manner, plan will so state*
  - ▶ NYISO will monitor status of market projects to ensure needs will be met
- *If Market proposals are judged insufficient, NYISO will turn to regulated transmission proposals, which will be included in the plan*
- *If neither market proposals nor regulated transmission proposals can satisfy the need in a timely manner, NYISO will have the discretion to seek a "Gap" solution*

**ISSUES**

**FOR**

**DISCUSSION**

## Reliability Upgrades: TO Role

- TOs would assume the obligation to build a regulated transmission reliability upgrade that is included in the final NYISO Plan
  - *Discussion: Should TOs have the “right of first refusal”?*
  - *Discussion: Should TOs be required to contract for construction?*
- TO obligation is subject to ability to recover costs
  - *Requires FERC and PSC concurrence*
  - *Discussion: Should regulatory agencies give deference to the NYISO Plan?*
  - *Discussion: Should there be incentives to construct?*
- TO Obligation is subject to obtaining siting approval, local permits, etc.

# Comprehensive Planning Process: Economic

## ➤ NYISO Role in Economic Projects

- *Discussion Topics:*
- *Should the NYISO provide projections of congestion to marketplace?*
- *Should the NYISO develop criteria to determine an “economic need”?*
- *Should the NYISO identify specific projects which can meet the need?*
- *How should cost recovery/allocation mechanisms be designed?*
- *Should the NYISO have the authority to direct expansion to meet an economic need?*

# Economic Upgrades: TO Role vs Market Role

## ➤ TO Role

### ▪ *Discussion Topics:*

- ▶ Should TOs have an obligation to build economic upgrades?
- ▶ Can TOs choose to respond to economic needs on a voluntary basis?
- ▶ Should TOs have any preferential ability with regard to economic upgrades?
- ▶ Should TOs be precluded from addressing economic needs with a regulated transmission project?

## ➤ Market Role

### ▪ *Discussion Topics:*

- ▶ Should market response to economic needs be purely voluntary?
- ▶ Should market response be open to “all resources?”

# Comprehensive Planning Process: Cost Allocation

## ➤ For Reliability Upgrades

### ▪ *Discussion Topics:*

- ▶ Should upgrades with local benefits be included in TO retail rates?
- ▶ Should upgrades with statewide benefits be included in NYISO Tariff?
- ▶ Need to develop criteria to determine local/statewide benefit

## ➤ For Economic Upgrades

### ▪ *Discussion Topics:*

- ▶ “Beneficiaries Pay” vs regional recovery?
- ▶ Need to develop criteria to determine “beneficiaries”
- ▶ Need to develop a mechanism for revenue recovery
- ▶ Applies to economic upgrades associated with the NYISO Plan
- ▶ Does not apply to market-driven responses

# Procedural Issues

## ➤ Consider formation of a Planning Committee

- *Reporting to the Management Committee*
- *To recognize the critical importance of the NYISO Planning function*
- *To administer the Comprehensive Planning Process*
- *To consolidate responsibility for other Planning functions*
- *Need to decide what existing committees should report to the Planning Committee*
- *Need to determine inter-relationships with BIC and OC*



# Other Issues

## ➤ Role of Merchant Transmission

- *Planning process should accommodate both regulated & merchant transmission*
- *Role of regulated vs merchant transmission must be defined*
- *Should merchant transmission be eligible for regulated recovery?*

## Other Issues (Cont'd)

### ➤ “Gap” Solutions for Reliability Needs

#### ▪ *Discussion Topics:*

- ▶ Should TOs assume the obligation to build?
- ▶ Should the NYISO issue an “all source” RFP?
- ▶ Should the NYISO contract directly with resources?
- ▶ Should “gap” solutions be limited to reliability needs?
- ▶ How to define the period of need/length of contract?
- ▶ What happens when “gap” period expires?