

Via Electronic Mail PublicPolicyPlanningMailbox@nyiso.com

New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, New York 12144

Re: Request for Proposed Transmission Needs Being Driven by Public Policy Requirements  
for the 2016-2017 Transmission Planning Cycle

Poseidon Transmission 1, LLC (Poseidon) is responding to your August 1st Request for Proposed Transmission Needs Being Driven by Public Policy Requirements for the 2016-2017 Transmission Planning Cycle. Poseidon is the developer of the Poseidon Transmission project, a high-voltage, direct current, transmission facility designed to provide 500 MW of firm transmission capacity between PJM's 500 kV Deans Substation in the heart of eastern PJM and Long Island Power Authority's 138 kV system at its Ruland Road Substation. Among its many attributes, the Poseidon Transmission project enables low-cost wind and solar from PJM to reach load on Long Island. Poseidon's application for a Certificate of Environment Compatibility and Necessity is pending in New York Public Service Commission Case 13-T-0391.

On August 1, 2016, the New York Public Service Commission (PSC) adopted the State's Clean Energy Standard (CES) (Cases 15-E-0302, *et al.*, *Order Adopting a Clean Energy Standard* [August 1, 2016] [*CES Order*]). The *CES Order* directs load serving entities (LSEs) selling to customers in New York to purchase, either from the New York State Energy Research and Development Authority (NYSERDA) or directly from renewable resource owners, renewable energy credits (RECs) in quantities equal to a portion of their New York State loads. NYSERDA will purchase RECs for resale to LSEs through regular solicitations from eligible renewable energy resource owners. Eligible facilities include out-of-state renewable resources that can contractually deliver their output to a New York LSE or otherwise comply with the hourly matching requirement set forth in Appendix A to the *CES Order*.

It is widely accepted that achieving the State Energy Plan goal, “that 50% of New York’s electricity is to be generated by renewable resources by 2030” (*CES Order* at 2), presents a significant challenge. For LSE’s operating in Zones J and K the options for meeting their CES obligations will be limited to purchasing RECs that are generated by resources located in areas remote from Zones J and K, primarily in western and northern New York (Zones A-E). However, the supply of RECs from those areas will be constrained as the deliverability of the energy with which they are associated reaches the limits of the transmission system’s capability to absorb energy into the New York Control Area. Expanding transmission capacity into neighboring control areas that have the potential for developing new renewable resources can significantly add to the available pool of renewable resources. With the appropriate transmission capability, NYSERDA and New York LSEs will have access to a greater supply of competitively-priced RECs sourced from PJM. Access to RECs and their associated energy can be expanded by developing incremental transmission capacity linking downstate (Zones J and K) directly with the PJM control area, a geographic area with a significant advantage over New York for the development of new, competitively-priced, renewable resources. Adding new transmission capability from PJM will facilitate delivery of the associated hourly-matching energy to downstate loads, thereby helping reduce in-state transmission bottlenecks. Access to transmission-enabled, least-cost, renewables is critical for New York State to meet the CES while minimizing ratepayer impacts. The recent study released by the National Renewable Energy Laboratory (*see* <http://www.nrel.gov/grid/ergis.html>) reaches a similar conclusion: across the Eastern Interconnect the development of increased interregional transmission lines will stimulate significant levels of renewable penetration – and at increasingly competitive prices.

The CES is a New York requirement with the force of law, and therefore “transmission planning on the Bulk Power Transmission Facilities” related to facilitating compliance with the CES and achieving its purposes would constitute a Public Policy Requirement. Planning for the expansion of the State’s downstate transmission ties to PJM should be identified as a transmission need driven by Public Policy Requirement. Poseidon proposes that the New York Independent Operator forward to the PSC, and that the PSC determine, that added transmission capacity between Zones J and K and PJM is a transmission need driven by a Public Policy Requirement.

In response to your direction that stakeholders who identify proposed Public Policy Requirements also propose criteria for evaluation of proposed solutions, we recommend the following criteria:

- (a) the proposal's demonstration that it will provide access to a robust supply of renewable resources;
- (b) the proposal's demonstration that renewable energy delivered over its facility will be delivered into New York such that the associated RECs will be eligible for inclusion in New York's CES;
- (c) the proposal's demonstration that it is viable, *i.e.*, capable of being permitted, interconnected, financed and constructed; and
- (d) the relevant experience of the developer of the proposed solution in successfully developing similar projects.

Construction of new transmission capacity linking robust substations in Zones J and K and PJM will provide NYSERDA and New York LSEs with access to a regional source of renewable energy with the potential for producing more renewable resources providing energy at lower costs than in either upstate New York or off-shore Long Island and simultaneously will provide developers of renewable resources in PJM with the ability to participate in New York's RECs market.

Very truly yours,

POSEIDON TRANSMISSION 1, LLC



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