September 11, 2017

Business Issue Committee
Operating Committee
Management Committee
New York Independent System Operator
10 Krey Boulevard
Rensselaer, NY 12144

Dear Committee Members:

I am writing on behalf of NextEra Energy Transmission New York, Inc. ("NEETNY") in response to the September 5 comments of North America Transmission ("NAT") regarding the draft Western New York ("WNY") Public Policy Transmission Need ("PPTN") Planning Report ("Draft Report").

NAT's letter is replete with incorrect and misleading claims that address only a few of the NYISO's evaluation criteria. NAT's self-serving effort to influence the stakeholder process by selectively using certain criteria should be rejected as it would undermine the Public Policy Transmission Process established in NYISO's tariff.

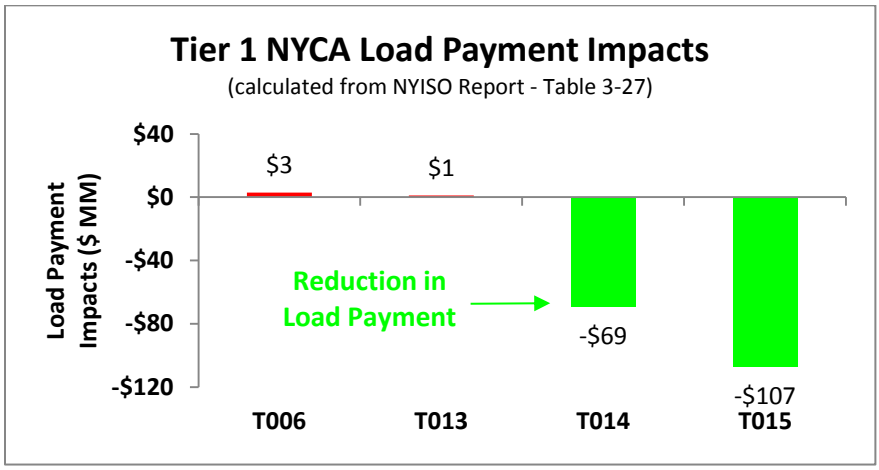
NAT's letter criticizes aspects of NYISO's evaluation in isolation and raises irrelevant concerns that have no impact on the overall scoring of projects. NYISO's obligation pursuant to its tariff is to select a project that is more cost-effective or efficient to address the Public Policy Need. The NYISO has met its obligation. T014 outscores all other projects in the tariff metrics designed to evaluate the ability to increase imports of renewable hydroelectric power, while significantly improving NYISO's transmission system operability in that part of the State, all at reasonable cost.[1]

Ignoring the heart of the NYISO analysis, however, NAT addressed selective criteria and included misleading data in an attempt to override months of analysis conducted by the NYISO and SECO. NAT falsely suggests that their project is similar to the T014 project with only "slight differences." NEETNY's T014 project fundamentally and materially differs from the T006 project by including a 700 MVA 345 kV phase angle regulator ("PAR") at the Dysinger end of the Dysinger - East Stolle Road 345 kV line. NYISO determined that the PAR provides additional operational flexibility by providing a new level of controllability to power flows on the 345 kV network. This is why NEETNY's T014 project was the *only* project to rank "Excellent" for Operability. Further, due to its design, the Dysinger substation would become a new Western New York hub, reducing the electrical distance between Niagara and Rochester.

[1] See Draft Report at 80, Table 4-1.

The NYISO correctly evaluated which projects will support the most efficient, flexible, and cost effective operation of the system.

NAT also purported to compare demand congestion and load payment savings. While demand congestion is a helpful metric in determining location and severity of a constraint, it is not helpful in determining the true economic benefit of a proposed transmission solution.[2] This is further evidenced by the fact that no RTO, including NYISO, uses demand congestion as a primary metric in a benefit-to-cost calculation when performing market efficiency studies. In addition, NAT selected a single load zone in its load payment analysis when all other metrics used by NYISO for evaluating projects are statewide. Table 3-27 shows that when totaling load payments, NAT's T006 project actually increases load payments for the State of New York as a whole, compared to the T014 project which reduces load payments by $69M.[3]



NAT also misleadingly claims its project schedule is "6 to 10 months shorter than Proposal TO14." NYISO's report actually states that the minimum duration for projects T014 and T006 are exactly the same: 40 months. While NYISO's consultant has speculated that the project duration of T014 of would be 49 months, NEETNY strongly believes that project T014 will be completed in less than 43 months.

NAT's cost argument is plainly misleading. In comparing the cost impact of projects, NAT purposely included the higher costs of project T014-Alt in an attempt to exaggerate the difference in cost between projects, when in fact NYISO is recommending the T014 project, not T014-Alt.[4]

---

[2]It is well-established that production costs are a primary evaluation metric and congestion is one of multiple secondary metrics. See NYISO Public Policy Transmission Planning Process Manual, Section 4.2.5.

[3]WNY-PPTPR Draft Report, page 66, Table 3-27 – calculated by summing all columns, where a negative value is considered a benefit, as listed on pages 60-61 of the report.

[4]The relatively small differences in estimated project cost are due primarily to NEETNY's inclusion of the PAR, which substantial system benefits as discussed herein.

NAT's comments also fail to address the significant emissions savings -- 7.3 million tons of carbon reductions -- provided by project T014. Furthermore, as NYISO specifically stated during the most recent ESPWG/TPAS working group meeting, the difference in CO2 reductions between projects is *de minimis*, approximately 0.02% of New York's total CO2 emissions.

NAT's comments have been repeatedly addressed by the NYISO and SECO in their comprehensive evaluation of all of the proposed projects based on defined criteria. NAT's request that the committees now vote to recommend its project (as opposed to adoption of NYISO's Draft Report) is contradicted by the hundreds of pages of data and years of objective analysis conducted by the NYISO and SECO. Therefore, the Committee should reject NAT's last ditch and misleading attempt to override months of review by the NYISO, which clearly determined that NEETNY proposed both the best and the second best projects to fulfill the state's transmission need based on the defined evaluation criteria.

Thank you for your attention to these comments.

Sincerely,

Stephen Gibelli

Stephen Gibelli
Director of Regulatory Affairs
On behalf of NextEra Energy Transmission New York, Inc.