

# NYISO Regional Planning Process

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# Drivers

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- ◆ **FERC view that current NY planning process is a weakness for our region**
- ◆ **August 14, 2003 events stresses that NY is an *interconnected and regional* system, not a collection of individual TO systems**
- ◆ **FERC is concerned about obstacles to needed infrastructure improvement**

# Objective

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- ◆ **Create a strong NYISO regional planning process with independent regional overview (NYISO) with**
    - Clear process
    - Sufficient Scope
    - Clear authorities
    - Clear responsibilities
- ...in order to bring reliable, competitive, efficient, and low-cost electricity markets for the benefit of end-users.**

***The ESPWG's limitation of discussions to strictly reliability projects should not compromise this overall objective, nor preclude nor prejudice the incorporation of economic considerations.***

# TO Role in the Process

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- ◆ **Our concerns with Other TOs Proposal**
  - ◆ **Promulgates a planning process based on TO footprints, not region**
  - ◆ **Renders a NYISO Regional Planning Process that will be very limited in scope**
  - ◆ **May not result in comprehensive and efficient planning for region**

# TO Role in the Process – *NG Proposal*

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- ◆ **NYISO Planning Process focuses on Regional Transmission System (which must be defined).**
  - ◆ **Bulk Transmission? Looped 230 kV? 115 kV?**
  - ◆ **What is the right answer for the overall Objective?**
- ◆ **NYISO (with TO input and expertise) identify System Needs on Regional Transmission System.**
- ◆ **The Market (and regulated responses by TOs if necessary) then responds to these System Needs.**
- ◆ **TOs will continue to plan for their systems for local facilities (lower voltages – should be defined) – these lower voltage local upgrades are inputs into the NYISO planning process.**

# TO Obligations to Respond to Reliability Needs

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- ◆ **Our concerns with Other TOs Proposal**
  - ◆ **Does not give clear responsibility to any particular TO clearly identified by the NYISO or other independent party.**
  - ◆ **Relies on a general responsibility for TOs to “collaborate” without clearly indicating what happens if collaboration does not yield a result acceptable to all parties.**

# TO Obligations to Respond to Reliability Needs – *NG Proposal*

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- ◆ **TO will propose solutions to the NYISO identified reliability needs for implementation if the market does not respond to needs identified by the NYISO during the planning process**
- ◆ **As a default, the TO in whose service territory the solution resides will implement the solution, unless parties agree otherwise.**

# Cost Allocation

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- ◆ ***Objectives***
  - ◆ **Should reduce levels of dispute, debate, and delay in getting needed infrastructure built (delay harms customers)**
  - ◆ **Should fairly and comprehensively address benefits to those who pay**
  - ◆ **Not unduly complicated to implement and administer (by either NYISO or TO asset owner)**



# Cost Allocation - Factors

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- ◆ **Factors to consider -**
  - ◆ **Who needs it**
  - ◆ **Who benefits from it**
  - ◆ **Who caused the need**
- ◆ **Reliability and Economic considerations**
- ◆ **Use over life of facility (40 years)**

# Cost Allocation Methodology

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- ◆ **If we cannot reach agreement on how to allocate costs with specific upfront modeling methodology that targets payers on case-by-case project basis,**
- ◆ **Should consider using rolled-in concepts**
  - ◆ **That can recognize upstate/downstate inequities**
  - ◆ **Could be an upstate rolled-in rate applied to upstate customers, and downstate rolled-in rate to downstate customers, with projects that address the “seam” allocated x% to upstate and y% to downstate**
  - ◆ **Could include transition over x-years to fully rolled in rate**
  - ◆ **Exception for Localized Costs which would not receive regional rolled-in treatment (e.g. undergrounding when not justified, ‘gold-plating)**