



# **AC Public Policy Transmission Need**

**Business Issues Committee**

**June 20, 2018**

# **NYISO has one of the more transparent planning processes of all of the ISOs/RTOs**

## **ACPPTN Evaluation**

- **We appreciate NYISO's efforts to maintain constant dialogue with developers throughout the evaluation process**
  - Held meetings with developers and stakeholders
  - Opportunity to provide comments and feedback after each meeting
- **NEETNY has actively participated in the stakeholder process**
- **NEETNY requests that NYISO utilize cost-contained pricing to select the more cost-effective project from the four combinations that provide effectively the same benefits**

**Given the cost impact to NY customers and that four projects provide effectively the same benefits, NYISO should use the cost-contained prices as a tie breaker**

## **Segment B Project Evaluation**

- **NYISO has dedicated significant time and resources to analyzing project proposals over the course of two years**
- **After two years of work:**
  - NYISO is recommending a project combination that it estimates will cost more than \$1 billion
  - Three other combinations, with virtually identical performance, have cost estimates within 1 to 5% of NYISO's recommended combination
  - There are several issues with SECO's concrete pole installation cost estimate and blanket 5% synergy savings that, if addressed, would make T027 + T022 the lowest cost combination
- **NYISO's evaluation of benefits shows that three combinations are effectively tied with the recommended combination**
- **NYISO has cost-contained pricing that developers were required to submit that should be used to objectively distinguish the project combinations**

# NYISO is recommending a \$1 Billion investment based on SECO's estimate despite a virtual tie on project benefits

## NYISO Summary from June 1, 2018

Not a NYPSC/NYISO  
Evaluation Criteria



ID	SECO Cost (\$MM)	Duration	UPNY-SENY Transfer (MW)	Central East Transfer (MW)	Baseline Prod. Cost Savings (\$MM)	CES Prod. Cost Savings (\$MM)	CO2 Reduct. (1000 tons)	20-Year Flow (GWH)	Operability		Expandable		Property Rights		Aging Struct.		Struct. Height Increase
									Seg A	Seg B	Seg A	Seg B	Seg A	Seg B	Seg A	Seg B	
T027 + T022	\$1088	55	1326	825	\$331	\$1129	9,429	133,565	Excellent	Good	Excellent	Good	Good	Good	Excellent	Fair	Med.
T027 + T023	\$1121	55	1326	825	\$331	\$1129	9,429	133,565	Excellent	Good	Excellent	Good	Good	Good	Excellent	Good	High
T027 + T029	\$1080	55	1326	825	\$331	\$1129	9,429	133,565	Excellent	Excellent	Excellent	Good	Good	Good	Excellent	Good	Low
T027 + T030	\$1098	55	1470	825	\$337	\$1108	10,184	135,044	Excellent	Excellent	Excellent	Good	Good	Good	Excellent	Good	Low

**Using cost-contained pricing to distinguish Segment B projects provides ratepayers the more cost-effective solution**

**NYISO's tariff requires it to analyze cost-contained prices in the AC proceeding, and doing so will ensure NYISO selects the more cost-effective solution**

## **NYISO PPTN Evaluation**

- **“The ISO shall apply any criteria specified by the Public Policy Requirement or provided by the NYDPS/NYPSC and perform the analyses requested by the NYDPS/NYPSC, to the extent compliance with such criteria and analyses are feasible.”  
OATT 31.4.8.1.8 (emphasis added)**
- **NYPSC's December 2015 Order required developers to submit cost-contained pricing and directed NYISO to analyze cost-contained pricing in its evaluation**
  - NYPSC did not require cost contained bids in Western NY PPTN
- **Despite a requirement in its tariff to analyze cost contained price proposals, NYISO's draft selection report does not provide any such analysis or mention of how cost-contained pricing was considered**

1) NYPSC December 2015 Order, Appendix C states: “In evaluating project costs, the NYISO shall identify the necessary project elements of each project and ensure that all of the proposed transmission solutions are evaluated on a comparable basis to the scope of the costs. In evaluating project costs, the NYISO shall require each proposer of a transmission solution to submit at least two project cost bids.”

# **SECO's estimates should not be used as the decisive factor among proposals whose benefits are effectively a tie**

## **SECO Estimate Uncertainty**

- **SECO has incorrectly estimated installation costs related to concrete monopoles compared to steel monopoles**
  - SECO has included concrete monopole installation costs of nearly 4 times the cost to install steel monopoles
    - SECO has not adequately addressed specific issues raised by NEETNY
  - NEETNY's experience is that the installation cost is typically only 1.2 times the cost to install steel monopoles
- **25% steel tariff impacts increases costs and uncertainty for projects with steel structures**
- **Synergies savings were not estimated for specific project combinations and are likely overstated**

# Height should not be a distinguishing factor in the NYISO evaluation

## NYISO's Height Assessment

- **Because Segment B projects have no material differences, NYISO's analysis treats structure height as the critical distinguishing factor**
  - T023 was ranked as Tier 3 solely based on height
- **NYPSC did not include structure height as an evaluation criteria and NYISO's RFP did not even mention structure height or visual impacts**
- **NYPSC made clear in its Order that it would address structure height during the permitting process (NYPSC Order p. 42)**
- **NEETNY specified in its proposal that its structures would not be more than 10 feet taller than the existing structures**
  - Using public LIDAR data published in 2017, NEETNY confirmed that all structures can be no more than 10 feet taller than existing structures, and can actually be the same height as structures proposed in T029 and T030

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