

June 7, 2018

VIA ELECTRONIC MAIL

Mr. Bradley C. Jones
President and Chief Executive Officer
New York Independent System Operator
10 Krey Boulevard
Rensselaer, New York 12144

**RE: Comments of Niagara Mohawk Power Corporation d/b/a National Grid and
New York Transco LLC Regarding Ongoing and Future Public Policy
Transmission Planning Processes**

Dear Mr. Jones:

Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) and New York Transco LLC (“Transco”) appreciate the continuing efforts that the New York Independent System Operator (“NYISO”) and its consultants, including Substation Engineering Company (“SECO”), have undertaken in the ongoing Public Policy Transmission Planning Process (“PPTPP”). This PPTPP was undertaken to select the more efficient or cost-effective electric transmission projects to satisfy the Public Policy Transmission Need (“PPTN”) that the New York Public Service Commission (the “Commission”) identified for additional transmission capacity to move power from upstate to downstate over the Central East and Upstate New York/Southeast New York interfaces (the “AC Transmission PPTN”).

Recently, the NYISO released a report that details the “results of the [PPTPP] administered by the [NYISO] for the AC [Transmission PPTN].”¹ The Draft Report is scheduled to be delivered to the NYISO Board of Directors (the “Board”) in advance of its July 2018 meeting, at which time it is expected that the Board will select the more cost-effective or efficient projects to satisfy the AC Transmission PPTN. Additionally, a number of important steps will take place between now and when the Draft Report is delivered to the Board. Specifically, the Draft Report will be (1) subject to an advisory vote by the Business Issue Committee, (2) subject to an informational presentation at the Operating Committee, and (3) subject to an advisory vote by the Management Committee.

In light of the significant process still to occur in the PPTPP, including the Board’s upcoming selection, National Grid and Transco submit these comments to highlight certain

¹ New York Independent System Operator, *AC Transmission Public Policy Transmission Planning Report* (Dated May 29, 2018), at 5 (the “Draft Report”) (recommending that the Board select proposals T027 and T029, both developed jointly by North America Transmission, LLC and the New York Power Authority, as the more efficient or cost-effective transmission solutions to satisfy the AC Transmission PPTN).

process improvements that should be implemented in the ongoing AC transmission PPTPP and/or future PPTPPs to increase transparency and promote the uniform evaluation of proposals.

I. Increase Transparency Regarding Viable Project Designs and the Meaning of the Standards Used to Rank Proposals

Given the significant time, effort, and money that must be devoted by electric transmission developers to design solutions that will satisfy declared PPTNs, it would be beneficial for the NYISO to articulate in future solicitations:

- (1) whether there are any specific technologies or project attributes that the NYISO is unwilling to consider when selecting the more efficient or cost-effective project to satisfy a declared PPTN,
- (2) the definition of the standards that the NYISO and its consultants intend to use to compare proposals, and
- (3) a description of which Commission-recommended selection metrics the NYISO will incorporate into its evaluation.

As demonstrated below by specific events that have arisen during the current PPTPP, the absence of the above critical information results in (1) limiting the competitive proposals available to the NYISO since developers may propose features that the NYISO will not consider during its review process, and (2) disadvantaging developers from being able to effectively address the risks or benefits associated with their respective proposals.

For example, National Grid and Transco proposed a unique, environmentally-compliant, and cost-effective solution—proposal T019—to satisfy what is referred to as “Segment B” of the AC Transmission PPTN. Project T019 proposed a basic controllable series compensation element to preserve the proposed 345 kV transmission line physical designs that the Commission deemed the most environmentally and siting friendly in the underlying AC transmission proceedings. Notwithstanding the fact that series compensation technology is widely used across the United States,² National Grid and Transco submitted to the NYISO the results of a study performed by industry experts examining the impacts of adding series compensation to project T019. This study determined that there were *no* detrimental system impacts. However, the NYISO and its consultant(s) considered proposal T019 as too risky due to the inclusion of the series compensation, despite no technical analysis in support of their conclusion. Had the NYISO disclosed in its solicitation that it would not select a Segment B proposal that included series

² In fact, the Commission recently approved the implementation of series compensation as part of one of the Transmission Owner Transmission Solutions (“TOTS”) projects, and no issues have emerged to affect its full operation (*see e.g.* Case 15-E-0743, *Petition of New York Transco LLC for an Order Providing for Lightened Regulation*, Order Granted Certificate of Public Convenience and Necessity [Issued May 6, 2016], at 2 [referring to the “Marcy South Series Compensation” element of the Frasers to Coopers Corners project]).

compensation, National Grid and Transco would have tailored its Segment B proposal accordingly.

Further, the current PPTPP has made it clear that the NYISO and SECO place significant weight on the risks associated with each proposal. Notwithstanding the importance of identifying project risks, the NYISO did not articulate in its solicitation what would cause it, or its consultants, to categorize a project element as a “risk.” The failure to identify exactly what would be considered a risk precludes developers from designing projects to address or even avoid those risks. Further, SECO uses descriptors such as “critical,” “significant,” “highest,” and “low,” to describe projects risks once they have been identified but has never defined the scope of these risk categories. NYISO Staff uses different—but still undefined—terms in its Draft Report to quantify risk, including “minor” and “minimum.” Identifying and defining these terms in the initial solicitation, or at a minimum, during the review process will allow developers to understand and respond to perceived project risks at the outset of and during the PPTPP.

Moreover, the NYISO should identify in its solicitation which selection metrics the NYISO will consider from the Commission’s order identifying a public policy requirement and which metrics it will leave to the Commission for consideration during the ensuing Public Service Law Article VII application process. For example, in identifying the AC Transmission PPTN, the Commission specifically expressed its desire to minimize the acquisition and utilization of right-of-ways. As a result, National Grid and Transco affirmatively decided not to add a new substation at the Princetown Junction since such an addition would impact and perhaps expand existing right-of-ways. Notwithstanding the fact that a new substation at the Princetown Junction seemingly violates this Commission directive, this has become a critical design feature during the NYISO’s review that favorably differentiates projects’ operational benefits.

In sum, clarity and transparency in the NYISO’s decision-making process is extremely important in providing a fair, open, and competitive PPTPP.

II. Limit Review of Proposals to Designs Initially Submitted by Developers

Following the NYISO’s solicitation of potential solutions to satisfy a declared PPTN, a developer may submit as many proposals as it desires, and National Grid and Transco now understand that each proposal may include alternatives for certain components of the design. Given the ability for developers to design and submit numerous proposals or several iterations of the same project for review, the NYISO should not allow developers or SECO to offer design alternatives after the initial proposals have been submitted, and the NYISO should not consider late modifications during the evaluation process. Alternatively, if the NYISO continues to allow submitted proposals to be altered, these so-called mitigating solutions must be applied consistently to each proposal.

For example, during the ongoing AC transmission PPTPP, certain projects—T025, T026, T027, T028, and T031—included a proposal to build a new substation adjacent to the existing Rotterdam Substation. As designed, this new substation would be constructed directly over two

existing natural gas transmission facilities. On May 3, 2018 and May 14, 2018, National Grid—the owner of the existing gas transmission facilities—and Transco submitted joint comments to the NYISO highlighting the obvious risks (*e.g.*, permitting, site conditions, cost, etc.) associated with relocating these natural gas pipelines. In response to these comments, the NYISO explained that its consultant considers the risk associated with removing and relocating the natural gas pipelines to be “minor.”³ Subsequently, in advance of the May 22, 2018 Electric System Planning Working Group (“ESPWG”) meeting, NYISO Staff revealed, for the first time, that the developers of the impacted projects “proposed an alternative location for the Rotterdam substation which would not require the relocation of the gas pipelines.”⁴ Upon further questioning at the June 1, 2018 ESPGW meeting, NYISO Staff stated that the projects proposed “several locations” for the Rotterdam substation, including retiring the existing substation and rebuilding the substation to include a gas insulated substation (“GIS”), which is the exact Rotterdam substation design National Grid and Transco proposed in project T018. In light of this new information, National Grid and Transco renewed their longstanding request to view the initial project proposals to the NYISO.

Upon review of these proposals, neither the reuse of the existing Rotterdam substation location nor the inclusion of a GIS were incorporated into the proposals that were initially submitted to the NYISO in April 2016. At best, these project proposals generally recognized that there are alternative locations and designs (including the use of GIS) for the substation; however these references lack the specificity required by sections 31.4.5.1.1 and 31.4.8.1 of the Open Access Transmission Tariff (“OATT”) to constitute formal proposals that the NYISO can consider.⁵ In response to a subsequently-issued NYISO request for information during the evaluation phase, the developers repeated their support for the originally-selected location over the natural gas pipelines because they believed that location to be the more efficient and cost-effective, while repeating their general acknowledgment that there are alternative locations for the Rotterdam substation. In light of this information, it appears that SECO evaluated these projects using the Rotterdam substation design proposed by National Grid and Transco in project T018 to mitigate the obvious risks associated with projects T025, T026, T027, T028, and T031. Such an alternative project evaluation during the NYISO’s review process, without a full and proper proposal submitted by the underlying developer, should not be allowed. Instead, the NYISO should be confined to reviewing and considering projects T025, T026, T027, T028, and T031 as originally proposed to ensure that all developers equally bear the burden of conducting due diligence sufficient to design viable, constructible, and sitable transmission solutions.⁶

³ Dawei Fan and Timothy Duffy, New York Independent System Operator, System and Resource Planning, *AC Transmission PPTN: Evaluation Updates* (dated May 10, 2018), at 8. SECO conceded, however, that it has no experience in siting the placement, relocation, or removal of natural gas pipelines.

⁴ Dawei Fan and Timothy Duffy, New York Independent System Operator, System and Resource Planning, *AC Transmission PPTN: Updates* (dated May 22, 2018), at 6.

⁵ Importantly, these “alternatives” lacked drawings, diagrams, and cost information.

⁶ In light of the current PPTPP, National Grid and Transco request that the NYISO make available to all stakeholders the detailed project designs submitted to the NYISO in response to any electric transmission-related solicitation upon receipt of the developers’ determination to proceed, as provided in section 31.4.6.6 of the OATT.

Alternatively, if the NYISO allows for the continued modification of proposals to eliminate or minimize project risks, *all* developers should be afforded an opportunity to mitigate *all* perceived risks. For example, when the NYISO identified series compensation as a risk, National Grid and Transco should have been afforded the opportunity to offer an alternative design for this portion of proposal T019.⁷ Allowing the *ad hoc* modification of proposals allows for proposals and developers to receive inconsistent treatment, which should be eliminated.

National Grid and Transco hope that the NYISO finds these comments and suggested improvements helpful as it completes the ongoing AC transmission PPTPP and prepares for the 2018, and future, PPTPPs.

Thank you for your continuing attention to this matter.

Sincerely,

/s/ Rudolph Wynter Jr.

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⁷ In addition, during the current PPTPP, SECO declared pole height to be a risk associated with many projects but did not propose the available and simple mitigating solution of decreasing pole height to reduce the perceived risk associated with these projects. Instead, SECO continued to assess these projects with a heightened (and, as noted above, undefined) risk factor. Further National Grid and Transco submit that the NYISO should not be considering pole height or number of structures as distinguishing factors in the current PPTPP given that the Commission did not list these items as selection metrics that the NYISO should consider. To the contrary, the Commission noted in its December 17, 2015 order that it will work with developers during the siting process to implement mitigating solutions to pole heights, if necessary (*see* Case 12-T-0502, *Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades*, Order Finding Transmission Needs Driven by Public Policy Requirements [Issued Dec. 17, 2015], at 35 [“A change in structure types and structure heights of the types contemplated may have local, site specific visual impacts. During the Part B Article VII process where it will be possible to look at details including individual structure locations and heights, alternative designs, and mitigation opportunities, the Commission and Staff will assess the degree to which any of the necessary changes result in visible changes in the landscape. The Commission and Staff will work with the developers, local farmers, landowners and other stakeholders to minimize the visual and other impacts of structures, and the Commission throughout these proceedings will continue to encourage the applicants to further minimize the heights of their proposed structures to the degree possible consistent with safety regulations as to conductor clearances.”]).

cc: **VIA ELECTRONIC MAIL**

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