



2016-2017 Public Policy Transmission Need (PPTN)

**Presentation to the Electric System Planning
Working Group**

October 25, 2016

As each RTO is still learning how to best implement FERC Order 1000 processes, there is room to improve efficiencies in the competitive transmission planning process

Competitive Transmission Planning Process

- **Provide a level playing field for all developers and transmission owners**
 - Standardize models and state assumptions
 - Make Non Bulk Transmission Facilities' (NBTF) a non-determining factor in the evaluation of projects
 - Use evaluation criteria to state clear goals, and set minimum requirements
- **Provide more clarity on how project evaluation/selection is done**
 - How a project is evaluated, or guidelines
 - Weighting of cost, including cost containment/risk sharing as desired

NextEra Energy Transmission New York (NEETNY) proposes the following general guidelines

2016-17 NYISO PPTN Evaluation Criteria

- **Standardize assumptions with respect to new renewable builds**
 - If the Clean Energy Standard is the public policy driver, all transmission developers should work from the same base case with a standardized assumption of future renewable generation build out
 - Simplifies evaluation process, provides greater transparency
 - Avoids the appearance of NYISO selecting a renewable resource if different transmission proposals have different renewable assumptions
- **Treatment of NBTF**
- **Criteria can provide specific guidance on key objectives**
 - Minimum requirements on specific transfer interfaces
 - Right-of-Way preferences
 - If production cost is the measure of a project, then NYISO should consider providing a production cost model to aid in project design

Providing common assumptions will enhance renewables development

Renewables assumptions

- **Will help renewable developers by providing an early signals on**
 - locations
 - transmission capacity
 - interconnection points
- **Enhances competition among renewables developers**
- **Helps renewables developers understand how this first-time public policy process changes renewables siting**
 - Substations and transmission lines built to serve them rather than finding existing headroom
 - Cost of transmission
 - Changes in Location Marginal Pricing

Non-Bulk Transmission Facilities (NBTF) should not be a determining factor in the selection of a transmission solution

NBTF Upgrades

- **In the AC and Western NY PPTNs, non-bulk transmission facilities applied to all projects, and so were “levelized” across all proposals**
- **This allows NYISO to focus on evaluating the “core” project – allowing NY customers to maximize the benefits of competition**
- **In the 2016-17 PPTN, NYISO should consider adding NBTFs to any individual proposal where warranted, even if NBTFs vary between proposals**
 - To limit NBTFs add-ons, add NBTF’s from other proposed projects to projects with comparable scope
 - Add a new NBTF not proposed by any project only in the instance where a NBTF would be applicable/beneficial to all proposals

Treating NBTFs this way addresses the inherent incumbent advantage

NBTF Upgrades

- **Transmission Owners can accurately identify the need for the upgrade, how to address it best, and the solution's design/cost**
- **Developers are disadvantaged when identifying which NBTF upgrades to propose, the cost, and the actual benefit (increase in rating, etc.)**
 - No clarity on evaluation criteria (i.e. lowest cost valued more, highest transfer valued more, etc.)
 - No production cost model available to assess benefit/cost ratio
- **It makes sense for NYISO to “levelize” NBTF upgrades to identify the most efficient and cost effective project**
 - Assure that comparable projects have comparable NBTFs
 - Allows NYISO to focus on selecting the best project for NY customers

Finally, NYISO should set criteria that provide more clarity on the evaluation process

Transparency on Evaluation Process

- **Provide weighting for different aspects of the proposal including:**
 - Project cost, benefits, schedule, aging infrastructure replacement, etc.
- **Provide weighting on any cost cap and/or risk sharing measure that may be desired**
- **Provide weighting/clarity on how benefits will be considered**

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