

October 2, 2020

VIA ELECTRONIC MAIL:

PublicPolicyPlanningMailbox@nyiso.com

Mr. Zachary G. Smith
Vice President of System & Resource Planning
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, New York 12144

RE: New York Transco LLC's Response to the New York Independent System Operator, Inc.'s Request for Proposed Transmission Needs Driven by Public Policy Requirements

Dear Mr. Smith:

New York Transco LLC ("Transco") respectfully submits this letter in response to the New York Independent System Operator, Inc.'s ("NYISO") August 3, 2020 "Request for Proposed Transmission Needs Being Driven by Public Policy Requirements for the 2020-2021 Transmission Planning Cycle" (the "Notice"). In response to the Notice and consistent with Section 31.4.2 of Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"), Transco has identified five broad transmission needs being driven by a Public Policy Requirement, which it requests the NYISO to file with the New York State Public Service Commission (the "Commission") for review.

I. Overview

The State of New York has enacted the most aggressive climate policy legislation in the country through the Climate Leadership and Community Protection Act (the "CLCPA"), which was signed into law by Governor Andrew M. Cuomo on July 18, 2019. The CLCPA established specific targets for reducing greenhouse gas emissions ("GHG") for all sectors of the economy and for removing carbon produced by electric generation. Specifically, the CLCPA requires: (1) a 40% reduction in GHG emissions from 1990 levels by 2030 and an 85% reduction by 2050; (2) achieving a renewable electric generation target of 70% by 2030 ("70x30") and 100% emissions-free electric supply by 2040; and (3) the addition of, among other resources, 9 gigawatts ("GW") of offshore wind to the energy portfolio by 2035. As a consequence of the CLCPA, significant amounts of additional renewable generation facilities are being and will continue to be constructed in New York.

As evidenced by the NYISO's interconnection queue, there are significant amounts of utility scale solar, land based wind, offshore wind, and energy storage projects that are being proposed across much of the State, including the North Country, Western New York, Southern

Tier, Capital Region, and offshore wind resources interconnecting into the Long Island Power Authority (“LIPA”) and Consolidated Edison of New York, Inc. (“Con Ed”) systems. In an effort to anticipate transmission needs stemming from the integration of these renewable generation resources, the NYISO studied the likely geographic locations of where these resources would interconnect into the system and whether curtailments or increased curtailments would be likely to occur due to constraints on the existing transmission system. Ultimately, the NYISO identified, in its Congestion Assessment and Resource Integration Study (“CARIS”) “70x30” Scenario, 13 load pockets across the State with various levels of energy curtailment due to transmission system constraints. The “70x30” Scenario identified approximately 11% of the total annual potential renewable energy production of 128 terawatt hours (“TWh”) is curtailed across the system. While the level of curtailment varies across the regions, with the ultimate requirement that the State achieve 100% carbon-free energy by 2040 and the lengthy time it takes to permit and construct transmission, it is recommended that the Public Policy Requirement needs to be broadly defined to address current and projected future constraints.

After a review of the NYISO’s “70x30” Scenario and the CARIS report, Transco recommends that a broad need for transmission exists across the State that is necessary in order to efficiently meet the CLCPA goals. The specifics of this need are as follows:

- Western New York – Improvements to the system that will alleviate constraints within the region and across the Dysinger East and West Central interfaces.
- North Country – Improvements to the system that will alleviate constraints within the region as well as across the Moses South and Central East interfaces.
- Southern Tier – Improvements to the system that will alleviate constraints within the region as well as the Volney East and UPNY/SENY interfaces.
- Capital Region – Improvements to the system that will alleviate constraints within the region as well as Central East and UPNY/SENY interfaces.
- LIPA and Con Ed System – Improvements to these systems to alleviate constraints caused by significant amounts of offshore wind integration as well as needed increased export capability specifically across the Con Ed-LIPA and Dunwoodie South interfaces.

In response to these five transmission needs, Transco requests that the Commission identify the requirements of the CLCPA as the driver of a Public Policy Requirement that will allow for the alleviation of the above transmission constraints.

II. Discussion

a. A CLCPA-Based Public Policy Requirement

Transco applauds the NYISO and the Commission for their efforts to-date in pursuing initial Public Policy Requirements driving certain identified transmission needs in Western New York and across the Central East and UPNY/SENY interfaces. However, as recognized through

various NYISO assessments and operational reports, the evolving New York energy landscape indicates that there are Public Policy Requirements driving transmission needs that neither the NYISO nor the Commission have addressed in prior Public Policy Transmission Planning Processes. The most significant and pressing of the unaddressed Public Policy Requirements are the requirements within the CLCPA. As a direct result of the CLCPA, the State's generation fleet will continue to undergo significant changes, and, simply put, the State's transmission system needs to be upgraded to accommodate these changes.

b. Benefits of the Proposed Transmission System Enhancements

The proposed transmission system enhancements will provide greater certainty to developers that their future renewable generation facilities will be able to provide electricity into the system in order to maximize renewable energy production and consumption in the State. Greater certainty should increase production revenues from the market while lowering production risks, which, in turn, should lower the requested subsidies that generators bid to cover their risks. In contrast, the absence of such transmission upgrades will, as the NYISO's "70x30" Scenario demonstrates, continue to result in, or increase, curtailments and the inability to rely on available renewable resources, which could prevent developers of renewable generation from even entering the market.

Moreover, the proposed upgrades position the State's bulk power system to: (1) afford full access to existing clean, renewable generation resources that are being proposed across much of the State, including utility scale solar, land based and offshore wind, hydro, and energy storage; and (2) accommodate planned and prospective future developments of incremental new in-State renewable resources that will ultimately be required for the State to achieve the 100% emission-free electric supply by 2040 requirement. As has been highlighted in various industry studies on the subject, having these needed transmission system reinforcements in place will reduce the cost of achieving the CLCPA requirements by shifting the procurements to lower cost resources in the Upstate regions of New York State.

Transmission upgrades in the identified constrained areas of the State will likely provide other benefits as well. For example, these upgrades may provide the following environmental benefits:

- Reduced greenhouse gas emissions,
- Potentially, the need for fewer fossil fuel generators,
- Support more cost-effective implementation of carbon pricing in the NYISO wholesale market, and
- Increased production cost savings.

Additionally, these upgrades may have other system benefits, including:

- Increased operational flexibility,
- Ability to expand for future growth needs, which is critical to ensure flexible systems designed to accommodate the variability of renewable energy,
- Increased system resiliency, which addresses system needs due to increased extreme

- weather conditions, and
- Fuel security.

As a result of this significant change in the required generation resource mix and the significant time it takes to permit and construct transmission facilities, the NYISO and the Commission must act decisively in establishing broadly-defined Public Policy Transmission Needs as part of the 2020-2021 Transmission Planning cycle.

c. Evaluation Criteria

The NYISO's August 3, 2020 solicitation requires that parties identifying a proposed transmission need(s) also provide suggested evaluation criteria. As currently defined in the NYISO tariff, there are already a number of predefined criteria that are, in consultation with NYDPS, utilized to evaluate the more efficient or cost effective Public Policy project. Transco proposes the following criteria be given a higher weight when evaluating projects proposed to satisfy the defined transmission needs that Transco has identified: the ability to increase the development of renewable resources that would not otherwise be available to load centers. Further, Transco proposes that the following criterion, some of which are already contemplated in the tariff, be used to specifically evaluate each of the transmission needs that Transco has identified:

- Reduced system constraints in both summer and winter periods,
- Resiliency benefits with additional transmission pathways using new or existing rights-of-ways,
- Expandability to allow for the phasing of transmission development to meet continuing future needs,
- Economic benefits, including reduction in system-wide production costs,
- Ability to unbundle existing and expected renewable and carbon-free generation resources, and
- Use of innovation allowing for increased transfer capability over proposed system solutions

III. Conclusion

In sum, consistent with the NYISO's "70x30" Scenario and the CLCPA, Transco has identified five broad transmission needs being driven by a Public Policy Requirement, which it requests the NYISO shall file with the Commission for review.

Please contact me with any questions about Transco's response to the Notice. Thank you for your consideration in this matter.

Sincerely,

/s/ Kathleen Carrigan

Kathleen Carrigan
General Counsel & Corporate Secretary
New York Transco LLC
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