

**NYISO BOARD OF DIRECTORS' DECISION**

ON

**APPROVAL OF LONG ISLAND OFFSHORE WIND EXPORT  
PUBLIC POLICY TRANSMISSION PLANNING REPORT AND  
SELECTION OF PUBLIC POLICY TRANSMISSION PROJECT**

**JUNE 13, 2023**

**EXECUTIVE SUMMARY**

Today we select a transmission project that will benefit New York State's electric consumers by enabling the delivery of renewable power required to meet state energy goals and relieving congestion while enhancing New York State's already high standard of system reliability. Our action constitutes a significant decision by the New York Independent System Operator ("NYISO") Board of Directors ("Board") and the culmination of a multi-year, joint effort by the NYISO, New York State Public Service Commission ("NYPSC"), developers, and stakeholders to address transmission needs in and around Long Island.

We are making this selection in accordance with the requirements of the NYISO's Public Policy Transmission Planning Process ("Public Policy Process") established in Attachment Y of the NYISO's Open Access Transmission Tariff ("OATT"). Pursuant to this process, the NYISO is responsible for selecting the more efficient or cost-effective transmission solution from among competing projects to address a transmission need driven by a public policy requirement identified by the NYPSC.

For several years, the NYISO has stressed the necessity of reinforcing the Long Island transmission system to reliably deliver offshore wind resources driven by the public policy requirements of both the New York Clean Energy Standard ("CES") and New York Climate Leadership and Community Protection Act ("CLCPA"), which requires development of 9,000 MW of offshore wind power by 2035. Given the long lead time necessary for transmission development in New York, the NYISO supported a finding of transmission needs throughout the last three cycles of its Public Policy Process. With five offshore wind projects in active development totaling more than 4,300 MW scheduled to enter service within the next five years and many more proposed, New York has an urgent need for transmission solutions to reliably deliver that renewable energy to consumers. On March 19, 2021, the NYPSC issued an order declaring that the CLCPA constitutes a public policy requirement driving the need for transmission to, among other things, increase the export capability from Long Island to the rest of the state to ensure access to the full output of a minimum of 3,000 MW of offshore wind (the "Long Island Need").<sup>1</sup>

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<sup>1</sup> Case No. 20-E-0497, *In the Matter of New York Independent System Operator, Inc.'s Proposed Public Policy Transmission Needs for Consideration for 2020, Order Addressing Public Policy Requirements for Transmission Planning Purposes* (Mar. 19, 2021), <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={8C8F3D7A-4FEB-4B18-88F5-82CF587895C9}>.

NYISO staff solicited solutions to the Long Island Need and received a number of well-developed, high-quality proposals. NYISO staff and its consultants performed detailed studies and analyses to determine which solutions were viable and sufficient to meet the identified need and then evaluated the projects' performance across a wide range of quantitative and qualitative metrics established in the OATT. NYISO staff detailed the results of its analyses and its recommendations for project ranking and selection in its Long Island Offshore Wind Export Public Policy Transmission Planning Report ("Long Island Planning Report" or "Report"). Stakeholders and developers submitted comments throughout the stakeholder committee process, culminating in an advisory vote by the Management Committee on May 31, 2023, recommending approval of the Report. The Board carefully considered these comments in making its determination.

For reasons set forth below, we approve the Long Island Planning Report and select Propel NY's T051 Alternate 5 Project<sup>2</sup> as the more efficient or cost-effective transmission solution to address the Long Island Need. The required project in-service date is May 2030.

## **BACKGROUND**

### *Long Island Need*

The NYISO Public Policy Process is the means by which the NYISO addresses transmission needs driven by public policy requirements identified by the NYPSC. The Long Island Need drew upon extensive analyses performed by the NYISO and others concerning the benefits of providing new transmission within Long Island and connecting Long Island to the rest of the state to support the development of offshore wind.

The CLCPA mandates that New York State procure 9,000 MW of offshore wind power by 2035. The Long Island coast is an excellent location for new offshore wind resources and is close to major load centers in New York City and Long Island. Power generated from these resources could also be exported to the rest of the state. However, the Long Island transmission system is currently very limited and would result in significant periods of wind energy curtailment during which the available wind energy would not be delivered to New York ratepayers. The NYISO has therefore highlighted since 2016 the importance of reinforcing the Long Island transmission system so that offshore wind resources driven by the CES and CLCPA can be reliably delivered.

On August 3, 2020, the NYISO commenced the 2020-2021 cycle of the Public Policy Process. The NYISO solicited and submitted to the NYPSC potential transmission needs, including the recognition of Long Island constraints. The Long Island Power Authority (LIPA) also filed with the NYPSC its determination that a public policy requirement drives the need for a physical modification to transmission facilities in the Long Island Transmission District. On March 19, 2021, the NYPSC issued an order identifying the Long Island Need to increase the export capability from Long Island to the rest of the state to ensure the full output of offshore wind interconnected to Long Island.

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<sup>2</sup> Propel NY is a partnership between New York Transco, LLC, and the New York Power Authority ("NYPA").

## *NYISO Evaluation of Proposed Solutions and Draft Long Island Planning Report*

On August 12, 2021, the NYISO issued a solicitation for solutions to the Long Island Need. Developers submitted nineteen proposals. Of these, the NYISO determined that sixteen were both viable and sufficient to address the Long Island Need and eligible for evaluation and selection. Consistent with the implementation of the recently adopted mechanism to effectuate the Transmission Owner’s right of first refusal for upgrades to existing facilities, the NYISO posted on its website, a characterization of project facilities as either new or public policy transmission upgrades.

NYISO staff, in coordination with its independent consultant, Substation Engineering Company (“SECO”), conducted a detailed evaluation and ranked each proposal based on its performance across the metrics established in the OATT and those metrics specified by the NYPSC. These quantitative and qualitative metrics include the project’s capital cost, voluntarily submitted cost cap,<sup>3</sup> cost per MW, expandability, operability, performance, property rights and routing, the potential issues associated with construction delays, and other metrics (*e.g.*, production cost savings, capacity savings, and congestion). NYISO staff used multiple scenarios and sensitivities to comparatively evaluate the proposed projects’ performance across these metrics. In April 2023, the Board met in-person with the individual developers to examine the merits of their proposals and to discuss specific operational, financial and other concerns about their projects.

NYISO staff developed a draft Long Island Planning Report that detailed the results of its analysis and proposed ranking of the projects. The draft Report recommended selection of Propeller NY’s T051 Alternate 5 proposal, which proposes three new 345 kV AC tie lines from Long Island to the rest of the state and a 345 kV transmission backbone on Long Island, as the more efficient or cost-effective transmission solution. The draft Long Island Planning Report was reviewed with stakeholders and developers in a series of joint Electric System Planning Working Group (“ESPWG”) and Transmission Planning Advisory Subcommittee (“TPAS”) meetings. In addition, the Market Monitoring Unit (“MMU”) reviewed and evaluated the impact of the proposed projects on the NYISO-administered markets.<sup>4</sup> Both the Business Issues Committee and Management Committee subsequently reviewed and recommended Board approval of the draft Long Island Planning Report by unanimous vote, with abstentions.

### *Market Monitoring Unit Review and Evaluation*

In accordance with the OATT, the independent market monitor, Potomac Economics (the “MMU”), provided a report detailing its review of the recommended project’s impact on the NYISO-administered markets. The MMU found that NYISO staff’s recommended project fulfills

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<sup>3</sup> The NYISO for the first time in a public policy evaluation considered proposed voluntary cost caps for the projects pursuant to recently adopted tariff requirements. All developers submitted voluntary cost caps in their proposals for the Long Island Need. The NYISO assessed the proposed cost caps for their effectiveness to incentivize cost containment and protect ratepayers from cost overruns, along with the likelihood that the project can be constructed at the cost cap amount.

<sup>4</sup> See Potomac Economics, *NYISO MMU Evaluation of the Long Island Offshore Wind Export PPTP Report* (May 2023) (“MMU Report”), <https://www.nyiso.com/documents/20142/37825607/DRAFT%20Appendix%20C%20-%20Market%20Monitoring%20Unit%20Report.pdf>.

the Long Island Need and contributes towards meeting the underlying public policy requirement. Additionally, the MMU found that the greatest economic benefits are realized in the later years of the analysis with limited economic benefit before 2040. As a result, the MMU concluded that “it is not advisable to move forward with one of the proposed transmission projects at this time given the magnitude and timing of the potential benefits. This process could be re-initiated in future years if warranted.” The MMU’s Conclusion also states, in part, “if the NYISO determines that it must or should select a project, we recommend that it reconsider its recommendation of T051 since it does not appear to be the most cost-effective project.”<sup>5</sup>

### *Written Comments on the Long Island Planning Report*

Equinor submitted comments supporting the NYISO’s Public Policy Process and noted “an urgency to completing transmission upgrades as soon as possible.”<sup>6</sup> Equinor opined that Propel NY’s T051 Alternate 5 proposal “provides more longer-term benefits” while Propel NY’s T049 Base 3 proposal “provides greater short-term benefits” and “has a lower total cost.”<sup>7</sup>

The New York Offshore Wind Alliance (“NYOWA”) submitted comments “urging” the Board to adopt the Long Island Planning Report’s recommendations.<sup>8</sup> NYOWA asserted that the Board should reject “no action” and “more limited alternatives” to those recommended in the Long Island Planning Report for a variety of reasons, including that (1) “the quantitative benefits (not counting the qualitative benefits) of the selected solution are comparable to or exceed the costs”; (2) “the no/limited action alternatives do not fully address the Long Island congestion issue” and will risk the curtailment of offshore wind resources (“OSW”); and (3) “failure to address the Long Island constraint will reduce competition in the OSW generation market.”<sup>9</sup>

PSEG Long Island commended the NYISO for its work in preparing the Long Island Planning Report and its selection recommendation.<sup>10</sup> PSEG Long Island, however, stated that it has “insufficient information to support a May 2030 in service date.”<sup>11</sup> PSEG Long Island also provided a list of “high-level concerns and considerations” and expressed a desire to “better understand how as yet unidentified risks from future studies can be factored into the in-service date for the selected project.”<sup>12</sup>

## **BOARD DECISION**

We appreciate the significant work that developers dedicated to their project proposals. The Board’s extensive deliberations in this Public Policy Process reflect the quality of the proposals and the involvement of all the developers in the stakeholder and Board processes. We

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<sup>5</sup> *Id.* at 24.

<sup>6</sup> Equinor Comments to Draft Long Island Planning Report, [https://www.nyiso.com/documents/20142/37705557/EquinorComments\\_05\\_015\\_2023.pdf](https://www.nyiso.com/documents/20142/37705557/EquinorComments_05_015_2023.pdf).

<sup>7</sup> *Id.*

<sup>8</sup> New York Offshore Wind Alliance Comments to Draft Long Island Planning Report at 1 (May 22, 2023), [https://www.nyiso.com/documents/20142/37705557/Final%20Comments\\_NYOWA\\_LIPPTN.pdf](https://www.nyiso.com/documents/20142/37705557/Final%20Comments_NYOWA_LIPPTN.pdf).

<sup>9</sup> *Id.* at 3-4.

<sup>10</sup> PSEG Long Island Comments to Draft Long Island Planning Report, [https://www.nyiso.com/documents/20142/37705557/PSEGLI\\_comments\\_05172023.pdf](https://www.nyiso.com/documents/20142/37705557/PSEGLI_comments_05172023.pdf).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

also acknowledge the hard work performed by NYISO staff in administering the Public Policy Process for the Long Island Need and the participation of the other stakeholders, the MMU, and NYPSC staff, including the extensive time and resources they have dedicated and the valuable feedback they have provided.

### *Board Responsibilities*

The Board is responsible in the Public Policy Process for reviewing and acting on a public policy transmission planning report, including evaluating the rankings of the proposed transmission solutions and the selection of the more efficient or cost-effective transmission solution to address a public policy transmission need.

The OATT does not establish a specific formula or weighting of metrics for the NYISO to identify the more efficient or cost-effective transmission project. It is important to understand that the NYISO's selection metrics may not equate to the least cost solution. Rather, the NYISO carefully assesses and ranks each proposed project's total performance across all of the numerous qualitative and quantitative metrics established in the OATT using a range of scenarios and sensitivities. The NYISO then solicits and considers input from developers, stakeholders, and other interested parties concerning its analysis and recommendations and presents the results in the Public Policy Transmission Planning Report. The Board then exercises its independent judgment in evaluating the report.

### *Board Approval of Long Island Planning Report, Project Ranking, and Project Selection*

Based upon our review, consideration, recognition that timely action is necessary to allow the construction to complete in time to satisfy the need, the extensive deliberations concerning the Long Island Need, stakeholders' and developers' comments, and the MMU's market impact analysis, we approve the Long Island Planning Report without modification, and select Propel NY's T051 Alternate 5 proposal. The "Designated Entities"<sup>13</sup> for the selected project may recover their costs through the OATT in rates accepted by FERC.

We agree with NYISO staff's conclusion that Propel NY's T051 Alternate 5 proposal is the more efficient or cost-effective transmission solution to address the Long Island Need, based on its overall performance across the various selection metrics. T051 cost-effectively offers expandability, operability, and performance benefits from three new AC tie lines from Long Island to the rest of the state. T051 has relatively low procurement, permitting, and construction risks compared to other proposals, and adds a strong 345 kV backbone to the Long Island transmission system that will help serve Long Island load with the future generation changes needed to meet the CLCPA. Although T051 does not fully address congestion on the Barrett-Valley Stream path, it has a third 345 kV AC tie line that provides optionality for resource planning and expansion, and the project's potential economic benefits are expected to be comparable with, if not exceed, its costs.

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<sup>13</sup> In addition to Propel NY, Consolidated Edison Company of New York, Inc., NYPA, and LIPA are identified in the Long Island Planning Report as Designated Entities for the upgrades to their existing facilities in Propel NY's T051 Alternate 5 proposal.

Finally, the Board has concluded that selecting Propel NY’s T051 Alternate 5 proposal would not have an adverse impact on the competitiveness of the NYISO-administered markets. Rather, the addition of the proposal will relieve transmission congestion and provide a myriad of additional economic and performance benefits such as, but not limited to, increased operational flexibility, improved transmission system resiliency, reduced emissions from curtailments due to transmission system congestion, and the policy objectives on the part of New York State. Moreover, while the MMU concluded that T051 “does not appear to be the most cost-effective project” and that “[i]t is not advisable to move forward with one of the proposed transmission projects at this time,”<sup>14</sup> the Public Policy Process is designed to identify the “more efficient or cost-effective” solution to transmission needs driven by important public policy considerations.<sup>15</sup> Given the NYPSC’s identification of the Long Island Need, the CLCPA’s commitment to developing 9,000 MW of offshore wind by 2035, and the selection criteria set forth in the OATT, the Board does not agree with the MMU’s recommendations. As the NYPSC previously noted, “there is no requirement in the Public Service Law that the Commission determine a Project is economically feasible to support a determination that the Project is needed and in the Public Interest.”<sup>16</sup> The Board agrees with the NYISO staff’s evaluation and recommendation to select T051 as the best proposal to address the Long Island Need.

In sum, Propel NY’s T051 Alternate 5 proposal will address an important public policy transmission need by helping to increase the export capability from Long Island to the rest of the state and ensuring access to Long Island’s offshore wind generation. T051 will also reduce congestion and help serve Long Island load as the generation mix continues to change in response to the public policies identified by New York State, all in an efficient and cost-effective manner. The Board’s approval of the proposal constitutes a significant decision that will provide considerable benefits to New York State’s electric consumers.

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<sup>14</sup> MMU Report, *supra* note 4, at 24.

<sup>15</sup> NYISO Manual 36: Public Policy Transmission Planning Process Manual at 9 (June 8, 2020), [https://www.nyiso.com/documents/20142/2924447/M-36\\_Public%20Policy%20Manual\\_v1\\_0\\_Final.pdf](https://www.nyiso.com/documents/20142/2924447/M-36_Public%20Policy%20Manual_v1_0_Final.pdf).

<sup>16</sup> *Case No. 19-T-0549, Application of LS Power Grid New York, LLC, LS Power Grid New York Corporation I, and the New York Power Authority for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for Edic/Marcy to New Scotland; Princeton to Rotterdam Project, Order Adopting Joint Proposal* at 76 (Jan. 21, 2021), <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={0FFC426D-B355-4F2B-9498-9C1A295962F6}>.