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Independent System Operator

FERC Transmission Planning Notice of Proposed Rulemaking

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Agenda

- Review proposed requirements in FERC Transmission Planning NOPR
- Receive initial stakeholder feedback and questions
- Please note: the NYISO is continuing to review the NOPR and is formulating its positions for comments

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Transmission Reform Process at FERC

- On April 21, 2022, FERC issued a NOPR addressing transmission planning and cost allocation. The NOPR follows the Advance Notice of Proposed Rulemaking (ANOPR) entitled *"Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection"* that was issued 07/15/2021
  - ANOPR Comments, approximately 5,000+ pages
  - Initial Comments October 2021
  - Reply Comments November 2021
  - Technical Conference on Regional Transmission Planning Reforms November 2021
- Joint Federal-State Task Force on Electric Transmission Meetings in November 2021 (state perspectives in regional transmission planning), February 2022 (transmission benefits and cost allocation), and May 2022 (generator interconnection)

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Transmission Reform Process at FERC

- Initial Comments on the NOPR Due: August 17, 2022
- Reply Comments Due: September 19, 2022
- FERC will hold a technical conference on October 6th to discuss transmission cost management
- The NOPR did not address every topic included in FERC's ANOPR
- However, Chairman Glick has stated that FERC is not "forgetting other topics raised in the ANOPR," such as "interconnection queue reforms, interregional transmission planning development, [FERC's] approach to transmission incentives, and oversight of new transmission development to protect consumers."

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Six Areas of Proposed Reform

- 1. Long-Term Regional Transmission Planning
- 2. Cost allocation for Long-Term Regional Transmission Planning
- 3. Right of First Refusal of Incumbent Transmission Owners
- 4. Local Transmission Planning
- 5. Right-Sizing Transmission Replacements
- 6. Interregional Procedures for Long-Term Regional Transmission Planning

The NOPR would also disallow Construction Work in Progress (CWIP) rate incentive. NYISO generally does not comment on transmission rate incentives.

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Long-Term Regional Transmission Planning

The NOPR proposes to require a public utility transmission provider:

(i) to conduct Long-Term Regional Transmission Planning to identify through the use of multiple Long-Term Scenarios transmission needs driven by changes in the resource mix and demand over a period of at least 20 years,

(ii) to evaluate transmission facilities, including detailing the benefits that will be used in the evaluation and assessing projects over a 20-year period, and

(iii) to establish, in collaboration with the state and other stakeholders, the metrics to select the more efficient or cost-effective transmission solution.

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Long-Term Regional Transmission Planning

- The Long-Term Regional Transmission Planning requirements would supplement or replace the existing public policy transmission planning requirements
- The NOPR does not propose to require changes to the existing reliability and economic planning requirements, but seeks comment on whether FERC should establish actionable scenario planning in those processes
- FERC does not require, but would permit, the adoption of a multi-driver transmission need approach (combining reliability, economic and public policy needs) for long-term planning

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Identification of Transmission Needs in Long-Term Regional Transmission Planning

- For the identification of transmission needs in the Long-Term Regional Transmission Planning process driven by changes in the resource mix and demand, the NOPR would require a public utility transmission provider to:
- Develop and use Long-Term Scenarios as part of Long-Term Regional Transmission Planning
- Use a planning horizon of no less than the next 20 years
- Use a plausible and diverse set of at least four Long-Term Scenarios, at least one of which must account for high-impact, low-frequency events (e.g., extreme weather or cyber attacks)
- Reassess and revise at least once every three years, as needed, with best available data inputs and complete each Long-Term Scenario cycle within three years
- Incorporate, at a minimum, seven specified categories of factors that may drive transmission needs identified through Long-Term Regional Transmission Planning
- Consider whether to identify geographic zones that support the development of large amounts of new renewable generation

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Seven Factors Driving Long-Term Needs

1. Laws and regulations affecting the future resource mix and electricity demand
2. Laws and regulations on decarbonization and electrification
3. State-approved resource plans, expected supply obligations for load serving entities (LSEs)
4. Trends in technology and fuel costs
5. Resource retirements
6. Generator interconnection requests and withdrawals, and
7. Utility and corporate commitments and federal, state, and local goals that affect the future resource mix and demand.

The NOPR states that goals may be discounted, but full achievement of requirements in statutes and regulations should be assumed.

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Interconnection-driven Needs

- **Evaluation for selection in regional transmission plan transmission facilities to address interconnection-related needs where:**
  - Network upgrade facilities have been identified in at least two interconnection queue cycles during the preceding five years
  - The upgrades are 200 kV or greater and/or an estimated cost of $30 million or more, and
  - The upgrades were not developed due to interconnection request being withdrawn or are not currently planned for development

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Benefits Used in Long-Term Regional Transmission Planning and Cost Allocation

- The NOPR would require a public utility transmission provider to identify benefits and the rationale for using them, describe how the benefits will be calculated, and explain how the benefits reasonably reflect the benefits of regional transmission facilities to meet Long-Term Regional Transmission Planning needs
- The NOPR includes a discussion of how benefits could be calculated, and provides a list of 12 illustrative benefits that could be used
- No proposed requirement to use specific benefits
- Allows, but does not require, evaluation of the benefits of a portfolio of regional transmission facilities' instead of only individual facilities

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12 Illustrative Categories of Benefits for Project Evaluation

Evaluate projects over 20 years from estimated in-service date of transmission:

(1) avoided or deferred reliability transmission projects, aging infrastructure replacement

(2) either reduced loss of load probability or reduced planning reserve margin (not both)

(3) production cost savings

(4) reduced transmission energy losses

(5) reduced congestion due to transmission outages

(6) mitigation of extreme events and system contingencies

(7) mitigation of weather and load uncertainty

(8) capacity cost benefits from reduced peak energy losses

(9) deferred generation capacity investments

(10) access to lower-cost generation

(11) increased competition

(12) increased market liquidity

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Selection of Projects for Long-Term Needs

- For selection of transmission projects in the Long-Term Regional Planning Process, the NOPR would require that the public utility transmission provider include in its OATT:
- Transparent and not unduly discriminatory criteria, which seek to maximize benefits to consumers over time without over-building transmission facilities, to identify and evaluate transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation that address transmission needs driven by changes in the resource mix and demand; and
- A process to coordinate with the relevant state entities in developing such criteria
- Consider in existing regional transmission planning, and proposed Long-Term Regional Transmission Planning, the use of dynamic line ratings and advanced power flow control devices

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Long-Term Regional Cost Allocation

- For the cost allocation of transmission facilities selected to address transmission needs identified through Long-Term Regional Transmission Planning, the NOPR would require public utility transmission providers to:
- File a cost allocation method that is a Long-Term Regional Transmission Cost Allocation Method (ex ante), or
- A State Agreement Process (ex post) by which one or more relevant state entities may voluntarily agree to a cost allocation method, or
- A combination thereof
- Seek the agreement of relevant state entities with respect to the above three options for cost allocation
- Must provide states with a time period to negotiate with stakeholders/developers a cost-allocation methodology for Long-Term Regional Transmission Facilities (or a portfolio of facilities) that is different than any *ex ante* cost allocation method that would otherwise apply

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Modifications to Right of First Refusal Requirements

- The NOPR proposes to modify certain Order No. 1000 requirements that limited transmission owners' ability to exercise a federal right of first refusal ("ROFR") to elect to construct transmission facilities selected in a regional transmission plan
- The NOPR would permit an incumbent transmission owner to exercise a federal ROFR to elect, without competition, to develop a transmission facility to address a need identified in the regional transmission planning process and to allocate its costs under the OATT ***on the condition that*** the incumbent transmission owner establishes joint ownership of the transmission facilities with an unaffiliated entity, including another incumbent transmission owner.
- The NOPR asks whether FERC should take further actions to remove restrictions on incumbent transmission owners exercising a federal ROFR for transmission

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Transparency in Local Transmission Planning

- The NOPR proposes to enhance the transparency requirements for local transmission planning conducted by the transmission owners by establishing specific stakeholder meeting and posting requirements
- The NOPR would require a series of three meetings separated by no fewer than 25 days to enable stakeholder review of local transmission planning elements:
  - (1) the criteria, assumptions, and models used in the process
  - (2) the needs identified, and
  - (3) the solutions identified
- Stakeholders must be provided the opportunity to submit written comments before and after each meeting, before local transmission plans are finalized

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“Right Sizing” Transmission Replacements

- The NOPR proposes a process for public utility transmission providers to assess “right-sizing” transmission facilities at or above 230 kV that the transmission owner anticipates replacing in kind with a new facility in the next 10 years
  - e.g., redesigning a single circuit line as a double circuit line
- A “right-sized” transmission facility replacement would be eligible for selection as the more efficient or cost-effective solution to needs identified through Long-Term Regional Transmission Planning

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Interregional Planning for Long-Term Regional Needs

- The NOPR did not establish new substantive interregional coordination or cost allocation rules.
- However, the NOPR would require a public utility transmission provider to revise its existing interregional transmission coordination to reflect Long-Term Regional Transmission Planning reforms
- The public utility transmission provider would be required to share information in interregional planning process regarding regional transmission needs and transmission facilities identified through Long-Term Regional Transmission Planning
- Existing requirement to identify and jointly evaluate interregional transmission facilities also applies to transmission needs identified through Long-Term Regional Transmission Planning

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Proposed Compliance Requirements

- The NOPR would require a public utility provider to submit a compliance filing with tariff changes within eight months of the effective date of any final rule in the proceeding.

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Next Steps

- The NYISO will return to ESPWG discuss its approach to the key issues in the NOPR.

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Our Mission & Vision

Mission

Ensure power system reliability and competitive markets for New York in a clean energy future

Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation

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Questions?