

October 31, 2022

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 for the 2022-2023 Transmission Planning Cycle

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 31, 2022 "Request for Proposed Transmission Needs Being Driven by Public Policy Requirements for the 2022-2023 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 four 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

In 2019, the State of New York has enacted one of the most aggressive pieces of climate policy legislation in the country through the Climate Leadership and Community Protection Act (the "CLCPA"). 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 renewable generation facilities are being and will continue to be constructed in New York. Indeed, as evidenced by the NYISO's interconnection queue, there are significant amounts of utility scale solar, land-based wind, and energy storage projects that are proposed for interconnection across much of the State, including the North Country, Western New York, Southern Tier, Capital Region, and offshore wind

resources that are proposed for interconnection into the Long Island Power Authority (“LIPA”) and Consolidated Edison Company of New York, Inc. (“Con Ed”) systems.

To anticipate transmission needs stemming from the integration of these renewable generation resources, the NYISO recently studied the likely geographic locations of where these resources would interconnect into the State’s transmission system and whether curtailments would be likely to occur due to constraints on the existing transmission system. Ultimately, the NYISO identified, in its recently released 2021-2040 System & Resource Outlook (the “Outlook Report”),¹ that the State’s existing transmission system continues to have areas of significant congestion and that transmission infrastructure expansions and upgrades will be necessary to accommodate the State’s unprecedented influx of renewable generation project development.

Without such transmission expansion and upgrades, the Outlook Report highlights that a minimum of 5 terrawatt hours (“TWh”) of renewable energy in 2030 and 10 TWh in 2035 could be curtailed. The Outlook Report also highlights that the expansion of the State’s transmission system at both the local and the bulk levels are critical to achieving the State’s CLCPA mandates. The Outlook Report also highlights that certain renewable generation pockets within the State are already facing curtailments, and without expansion of the existing transmission system, more curtailments will be experienced as the number of resources interconnected to these constrained areas increases. More specifically, the Outlook Report identifies four renewable generation pockets—the Finger Lakes (Z1), Southern Tier (Z2), Watertown (Z3), and Long Island—that will experience persistent and significant limitations to delivering renewable energy to consumers in the coming years without additional investment in transmission.

In an effort to identify transmission constraints being driven by the State’s CLCPA mandates, Transco has also performed its own study of the State’s transmission system that took into consideration some recent transmission projects, including the non-bulk Phase 1 and Phase 2A transmission upgrades in the Smart Path and Smart Path Connect projects and the Tier 4 high-voltage, direct current (“HVDC”) projects. Transco’s findings are consistent with those in the Outlook Report, namely that significant congestion remains in the State’s local and bulk transmission systems.

Based on its report and the Outlook Report, Transco, recommends that a need for transmission exists across the State that must be met in order to efficiently meet the CLCPA requirements. To that end, Transco has identified the following specific transmission needs and developments, which are consistent with the NYISO’s Outlook Report:

- 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

¹ NYISO, 2021-2040 System & Resource Outlook (dated Sept. 22, 2022), available at <https://www.nyiso.com/documents/20142/33384099/2021-2040-Outlook-Report.pdf/a6ed272a-bc16-110b-c3f8-0e0910129ade?t=1663848437588> (last accessed Oct. 27, 2022).

the region, specifically within the Watertown area, 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.
- Long Island – While the 2020-2021 Public Policy Transmission Planning Process has resulted in the solicitation for a transmission solution to satisfy the Commission-declared Long Island Offshore Wind Export Public Policy Transmission Need,² which will go a long way toward addressing transmission constraints in this region, depending on the final amount of offshore wind that may be needed to achieve the State’s evolving energy goals, and the solution the NYISO ultimately selected in that process, additional transmission improvements to this area of the system may be needed to alleviate constraints by increasing export capability across the Con Ed-LIPA and Dunwoodie South interfaces.

These needs will need to be addressed by both bulk and local transmission solutions, and the State should work expeditiously through the relevant processes to implement solutions to develop transmission that will alleviate the above transmission constraints.³

II. Discussion

a. The CLCPA Is A Public Policy Requirement That Drives Transmission Needs

Transco applauds the NYISO and the Commission for their efforts to date in pursuing Public Policy Requirements driving identified transmission needs in Western New York, across the Central East and UPNY/SENY interfaces, and the most recent Long Island Offshore Wind Export solicitation. However, as recognized through various NYISO assessments and operational reports, and consistent with Transco’s own analysis, the evolving New York energy landscape resulting from the CLCPA indicates that there continues to be a Public Policy Requirement driving transmission needs that neither the NYISO nor the Commission have fully addressed in prior Public Policy Transmission Planning Processes.

As a direct result of the CLCPA, the State’s generation fleet will continue to undergo significant changes, and, as the NYISO and Transco have demonstrated, the State’s transmission system needs to be expanded and upgraded to accommodate these changes. Because of the

² Case 20-E-0497, *In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration for 2020* (issued March 19, 2021), at 4 (“In this Order, the Commission finds that certain aspects of the CLCPA regarding offshore wind are driving the need for additional transmission facilities between Long Island and New York City, and therefore constitute a Public Policy Requirement.”).

³ In doing so, the Commission should also consider the potential for changes to these processes resulting from the transmission planning reforms proposed by the Federal Energy Regulatory Commission (“FERC”) (*see* FERC, Dkt No RM21-17-000, *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*), which among other things may include changes to how new transmission may be procured to meet regional needs and the establishment of a right-of-first refusal for incumbent transmission owners.

CLCPA-driven change in the required generation resource mix and the amount of time it takes to permit and construct transmission facilities, the NYISO and the Commission must act decisively to advance the further development of the State's electric transmission system to alleviate the above-identified constraints.

b. Benefits of the Proposed Transmission System Developments

The four proposed transmission system developments will provide significant benefits. For example, they will provide greater certainty to developers that their future renewable generation facilities will be able to provide deliverable electricity into the system to maximize renewable energy production and consumption in the State. Greater certainty should lower risks, which, in turn, should lower the requested subsidies that generators bid to cover their risks. Such transmission developments will also increase resilience and improve reliability of the changing system. In contrast, the absence of such transmission developments will, as the NYISO's "70x30" Scenario in the Outlook Report demonstrates, continue to result in, or increase, curtailments and the inability to rely on available renewable resources, which could prevent renewable generation developers from even entering the market, and could have unintended impacts on customers.

Moreover, the proposed transmission system development will position the State's transmission system to: (1) afford full access to existing clean, renewable generation resources that are being proposed in response to the CLCPA across much of the State, including utility scale solar, land-based and offshore wind, hydroelectric, 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 CLCPA's 100% emission-free electric supply mandate by 2040. Further, as has been highlighted in various industry studies on the subject, having these needed transmission system developments will reduce the cost of achieving the CLCPA requirements by enabling procurements of lower cost resources in upstate New York.

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

- Reduced greenhouse gas emissions,
- 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 expansions and upgrades may provide certain electric transmission 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 end-use consumer electrification, and
- Fuel security.

c. Evaluation Criteria

The Notice requires that responding parties who identify a proposed transmission need(s) also provide suggested evaluation criteria for the NYISO's consideration. As currently defined in the NYISO tariff, there are already a number of predefined criteria that are, in consultation with the New York State Department of Public Service, utilized to evaluate the more efficient or cost effective project to satisfy a declared Public Policy Transmission Need. Should the Commission decide to utilize the NYISO Public Policy Transmission Planning Process to procure the needed transmission development, Transco proposes the following criterion 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 criteria, some of which are already contemplated in the NYISO's OATT, 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 unbottle 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 Outlook Report, Transco has identified four transmission needs being driven by the CLCPA, which is a Public Policy Requirement. Transco requests the NYISO file this response 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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