

Con Edison's Comments on LIPA PPTN Project Evaluation

Con Edison thanks the NYISO for the opportunity to provide comments and for taking into consideration some of its comments submitted late last year. Based on Con Edison's system knowledge and technical expertise, offers the following comments on information the NYISO presented on evaluation of the proposed PPTN projects. Con Edison is still reviewing the evaluation results posted by the NYISO and may provide additional comments.

Feasibility Concerns with Projects Connecting to Jamaica Substation

The NYISO evaluation of the various PPTN proposals yielded a "Top-Tier" that included two projects (NextEra Core 1 and NextEra Core 5) that propose to interconnect at Con Edison's Jamaica Substation.

Con Edison understands that many factors were considered when developing an overall ranking for the projects, but has serious concerns about these two projects being included in the Top Tier. Through meetings with NYISO, SECO and throughout the interconnection process Con Edison has indicated that the proposal for interconnection at Jamaica Substation is **not** physically feasible. The inclusion of the two aforementioned projects in the top tier means that they may ultimately be selected but will not be constructable. Con Edison requests that NYISO reevaluate the ranking of these projects in light of these known feasibility issues, as well as clarify how the constructability risk for these projects was considered in developing its tiered rankings.

Property Acquisition

Property acquisition concerns have varied probability and impact ratings. For example, the New 345kV East Garden City property acquisition is listed as High-High-High for Probability Risk Will Occur, Cost to Mitigate Risk, and Schedule Impact, respectively; but siting substation equipment in the vicinity of Sprain Brook Substation, where many similar challenges exist, is listed as High-Low-Low.

Property acquisition in Con Edison's service territory can be a significant challenge. Although there may be very specific reasons that the East Garden City acquisition risk was identified as high probability, with high cost and schedule impacts, other property acquisitions may present similar probabilities, cost and impacts. Con Edison requests that NYISO provide an explanation for why substations with apparently similar levels of risk are rated differently.

In addition, the SECO report considers the ability of Propel Alt 6 (T052) and Propel Alt 7 (T053) to use one of Con Edison's properties currently held for future use. The SECO draft report correctly notes that Con Edison may be "utilizing available property at the site. Therefore, sufficient property may not be available to build a new substation". The property is in fact slated for future utility use and will not be available for third party use.

Consideration of Project Risks

Con Edison requests further clarity on how risks to project schedule and costs will be considered in the NYISO's independent cost estimates and schedules for each project. In its report, SECO categorized potential risks associated with the proposals' schedules and costs into four categories. Each one of them has three factors associated with them: Probability Risk Will Occur, Cost to Mitigate Risk, and Schedule

Impact. For the “Very High” category, for instance, there is a 90 to 100% probability that risk will occur which may lead to \$20M cost impact and more than a 6 month delay. However, NYISO does not appear to directly account for these risks to the independent cost estimates. For project cost estimates, NYISO should take into consideration these high impact, high probability issues as they relate to estimating best practices/guidelines established by DOE/AACE for contingency and accuracy determination.

Changes to Project Scope

The draft report assessed proposals as initially made. However, several of the projects as initially proposed either did not meet Con Edison design criteria, or otherwise were found not to be feasible, and currently are being modified through the interconnection process to address these issues. To the extent that the actual selected project varies from what was initially proposed, there will likely be significant impacts to both cost and schedule.

Con Edison is concerned that, although many of the proposed projects went through extensive redesign in the interconnection process to address feasibility issues and to comply with Con Edison’s design criteria, NYISO or SECO did not take into consideration these new and significant fixes to the projects in its independent cost estimate. Con Edison requests NYISO to clarify how these changes will be factored into the NYISO’s evaluation of project cost and schedule, including their evaluation of developer proposed cost caps, prior to making its recommendation to the Board.

Project Schedules

Con Edison is concerned that some of the estimates of project schedules may not fully consider realistic project durations. Con Edison requests that NYISO consider the feedback below and update the estimated project durations as appropriate.

- The draft report states that construction activities were assumed to take place in parallel. However, there may be conflicting scheduled outage requirements that make parallel construction activities impossible for some of these proposals. NYISO should consider a more conservative assumption that some construction activities may have to take place in series and revise the report accordingly.
- The report states assumptions for construction durations; a new major substation requiring 20 to 24 months to complete and the expansion of an existing substation requiring 12 to 18 months to complete. Please clarify if these durations are based solely on construction activities. For example, is the procurement of long-lead-time equipment excluded from these durations?
- In review of the minimum durations for each proposal, NextEra Core 5, Core 6 and Enhanced 2 have high probabilities of exceeding the noted durations based on our experience with Con Edison’s system and taking into consideration solely the Con Edison affected portions. Outage constraints and long-lead-time procurement are among the drivers for lengthier project durations. NYISO should consider re-analyzing the durations associated with these particular proposals and revising the report with any new findings.
- The report includes a table that quantifies the scheduled equipment outages by duration and “element” for each developer. It is not clear from the report how the number of “elements” was derived or how the term is being defined. NYISO should consider expanding the report to include an explanation of the term “element” and how the quantity for each developer was derived.

- Some of the Article VII activities may take longer than noted, in particular those activities that identify procuring a Certificate in less than 24 months from application.
 - Additionally, the report makes some questionable assumptions around phasing of activities, such as that developers will perform the preliminary work required in advance of preparing an Article VII application before they have been identified as the winner of the PPTN process. That preliminary work could be extensive and costly. Has NYISO confirmed with developers that they are undertaking this preliminary work in advance of selection?
 - The report also assumes that all federal or non-NYS permits and approvals can be obtained within the Article VII approval timeframe. The timeframe to procure federal permits can be lengthier than the time it takes to procure an Article VII certificate – particularly for those projects with submarine components. This should be considered and reflected in the overall schedule for those projects that are impacted.
 - Finally, despite identifying and disagreeing with certain deficiencies in specific Article VII duration assumptions, such as in NextEra’s proposals, for five of the NextEra projects, SECO’s proposed project durations are the same or similar as those proposed by NextEra. NYISO should account for these longer durations in its evaluation of project schedules.