

New York Transmission Owners' Comments
on
NYISO's Interconnection Reform -- Overlapping Cluster Proposal
TPAS April 3, 2023

Introduction

The New York Transmission Owners ("NYTOs")¹ provide the following comments on the NYISO's interconnection reform proposal to use an overlapping cluster approach, as presented to TPAS on April 3, 2023 (the Proposal).

With strong renewable energy mandates in the Climate Leadership and Community Protection Act (CLCPA), the NYISO and NYTOs are receiving substantially more interconnection requests (IR) from generators than historic levels, and the number of IRs is expected to grow. The NYTOs share with the NYISO a sense of urgency to streamline and accelerate the interconnection process so that scarce developer, TO and NYISO resources can be applied more efficiently to decrease the time it takes from IR to signed interconnection agreement (IA).

While the NYTOs and NYISO share a common objective, the NYTOs agree with the numerous serious concerns raised during the April 3 TPAS meeting about the proposed overlapping cluster approach. The Proposal, has fundamental flaws that, if implemented, would lead to invalid study assumptions, longer overall study duration and a higher level of uncertainty for developers paired with increased and undefined deposit forfeiture risk. Over time, the use of overlapping cluster studies would result in increased need to do restudies. The NYTOs stand ready to work with the NYISO and other stakeholders to modify the Proposal to eliminate these flaws.

The NYTOs support some of the improvements in the Proposal, many of which can be implemented under the current interconnection process structure. The NYTOs also discuss additional improvements below. Together, these improvements would improve efficiency of the interconnection process and reduce overall processing time. Adopting a limited scope mandatory Feasibility Study and eliminating the System Reliability Impact Study (SRIS), together with better coordination and transparency during the Class Year Facilities Study, have the potential to significantly reduce the duration of the interconnection process. These changes would simultaneously provide developers with the same level of certainty they currently enjoy and would effectively balance the increasing workload and complexity of studies associated with the substantial entry of new resources. Additional improvements are discussed below.

¹ For purposes of these comments, the New York Transmission Owners include Central Hudson Gas & Electric Corp., Consolidated Edison Company of New York, Inc., Orange & Rockland Utilities, Niagara Mohawk Power Corporation d/b/a/ National Grid; New York Power Authority, Power Supply Long Island, New York State Electric & Gas Corp. and Rochester Gas & Electric Company.

The Overlapping Cluster Approach Is Fundamentally Flawed

The NYTOs identify the following key flaws with the overlapping cluster approach:

- With overlapping queue windows, developers in different windows may designate the same points of interconnection (POI) that are not capable of accommodating all of the projects, and the NYISO, developers and NYTOs will not know which project(s) will ultimately proceed. This materially impacts developers considering feasibility and POI selection and TO analyses.
- The same phenomenon applies to the allocation of limited transmission system capability/system headroom to interconnect projects.
- If the NYISO assumes all projects will proceed, thereby necessitating substantial upgrades to interconnect mutually exclusive projects, developers will not have useful study results. The interconnection facilities and upgrades to accommodate all projects relying on the same POIs or system headroom will be prohibitive or infeasible in some or many cases.
- If a developer in a later cluster (developer 2) is dependent on an upgrade assigned to an earlier cluster developer (developer 1), and developer 1 later drops out, then developer 2 may be reassigned the upgrade costs that had been assigned to developer 1. Not only will this require restudies, such reallocations add uncertainty, and the mere risk of such events can lead to cancellation of good projects by developers unwilling to post non-refundable deposits before they understand the cost allocation impacts of an earlier project that drops out.
- It is not possible to know what to include in the base case for each subsequent cluster before knowing which projects in each earlier cluster will complete cost allocation and security posting.
- Developers will retain uncertainty potentially up to the point that all higher queued projects must post substantial security or a substantial deposit, which may be late in the process, thereby raising concerns with the overlapping approach. Moreover, requiring projects to post substantial security or deposits on a non-refundable basis before they are provided material information shifts risk to developers. We need to carefully balance the tension between A) focusing resources on projects that are viable and supported by developer commitments and avoiding the allocation of resources to projects that are speculative or not supported by developer commitments and B) imposing risks on developers before they have a good understanding of earlier cluster projects' impacts on their viability or economic feasibility.
- With overlapping clusters, each time one or a group of projects drops out of a cluster, the NYISO and NYTOs may have to restudy some or many other projects that have already been studied. This would simultaneously affect analyses of two clusters on a regular basis and preliminary analyses of a third at one time under the proposal. A process that by design necessitates such restudies will not be efficient and will take longer to complete overall.

Pursuit of No Regrets Reforms that will Enhance Efficiency

The NYTOs support process improvements that can be implemented almost immediately and that will increase efficiency and decrease the total time from IR to IA.

- Pre-Application to Application Review Improvements:
 - The NYTOs propose clear guidance and periodic orientations for developers before they submit IRs to the NYISO. This will improve IRs and save time for the developer, NYISO, Connecting Transmission Owner (CTO) and Affected System(s).
 - The NYTOs propose to provide each developer with limited system information specific to that developer's proposed project to facilitate more effective IRs by developers.
 - A more stringent and clearer process for developer CEII clearance is necessary to effectuate this step, including certification of compliance with all applicable requirements, including cyber protections, by each identified recipient.
 - This step will enable developers to receive information to facilitate developers' selection of POIs with specificity and to estimate upgrade costs, while acting prudently to protect CEII.
 - NYISO states that the completed application will include "a demonstration of workable individual project models (e.g., short circuit, steady-state, and stability)." The NYTOs support this and believe this process would work better if NYISO validates the individual models provided with the application. This is because each individual project, if not modeled correctly, would cause significant delays on the entire cluster of projects.
 - IRs must identify the POI with specificity of facility and voltage level. Today, some IRs include vague, insufficiently specific information, such as latitude and longitude without specifying the actual POI or voltage level.
 - Due to space scarcity, not all proposed projects can be accommodated at a requested common substation. Coordination of system protection for multiple projects interconnecting to the same line may result in a tap interconnection having to be changed to a ring bus. We need clear rules on prioritizing scarce substation or tap availability.
 - Developers should not be permitted to submit IRs for mutually exclusive projects (where the Developer does not intend to develop one or more projects), thereby absorbing interconnection processing resources for one or more projects that will not go forward.
 - Projects having lower priority (a later queue position, cluster, group or Class Year (CY)) should be given an opportunity to switch to an alternative POI or be removed from the cluster to avoid delays.
 - The NYISO should verify the correct Connecting Transmission Owner (CTO) and Affected System (AS) (if any) in advance of the first milestone involving the CTO or AS. Though seemingly simple, this will improve efficiency in some cases. The NYTOs will work with the NYISO to facilitate the identification of the right TO or

AS, resolving issues of joint ownership. Involving the AS at an early stage will also save time.

- Feasibility Studies should be used to screen out infeasible projects:

The NYTOs propose mandatory preliminary feasibility studies to determine whether any proposed projects should be removed from or not admitted to a cluster or CY because the project is not feasible.

- The scope of the mandatory Feasibility Study should be limited to review of one-line diagrams of the proposed interconnections provided by developers, evaluation (i.e., desktop analysis) of physical feasibility of proposed interconnections. Additionally, the NYISO or the CTO shall provide good faith, non-binding cost estimates of local System Upgrade Facilities and CTO Attachment Facility required to accommodate the physical interconnection of the project, schedules to construct and short circuit analysis.
- This process will allow scarce resources in later phases to focus on projects that are feasible.
- We strongly recommend developing criteria that will address false positives – projects that are “feasible” if only you throw enough money at them. In order to save time and avoid misallocation of interconnection study resources, it is important that effectively infeasible projects be flagged up front before the study process begins, so that limited resources are not spent on the study of projects that will never be developed for either physical or economic reasons (e.g., a project that is feasible only if you move a large building may be characterized as infeasible). The NYTOs look forward to working with NYISO and other stakeholders to develop feasibility criteria for this purpose.
- If the developer and the CTO agree to waive this study, it should be waivable.
- Study deposits should be required with the IR.

- SRISs should be eliminated:

- The SRISs are not binding and consume resources and time, delaying the CY Study which produces binding results.
- By eliminating the SRIS, the NYISO and TOs can advance the more important and binding Facilities, Cluster or CY Study.

- Phasing of Facilities Study Work

- The NYISO proposal includes Phase 1A, Phase 1B and Phase 2 studies.
- The NYTOs seek to clarify that studies requiring simulations will NOT be part of Phase 1A studies.
- The NYISO will have to issue the final Annual Transmission Baseline Assessment and Annual Transmission Reliability Assessment (ATBA and ATRA) before any studies requiring simulations will be performed.

- The NYTOs plan to provide additional feedback on the manner in which to sequence the Facilities or CY Study components in future comments or meetings.
- Coordinate with Small Generator IA and Local IRs:
 - The NYTOs process many Small Generator IA requests and local T&D interconnection requests that affect processing Large Generator IA requests.
 - Large Generator, Small Generator and Distribution interconnection requests regularly impact one another.
 - The associated projects impact the availability of POIs, whether a project requires a ring bus or may tap an existing line, availability of scarce system capability/headroom, the need for SUFs, the need for system protection equipment and many other inputs to interconnection studies.
 - IRs under one process may impact feasibility of other projects, render studies invalid or give rise to reliability problems that must be addressed in another process (SGIA, LGIA, local T&D).
 - More coordination of the interconnection processes and review of inclusion rules can improve efficiency and base cases for interconnection studies, and decrease the need for restudies, producing more effective study results, saving time and decreasing uncertainty.
- Limitations on project changes:
 - The NYTOs recommend developing limits in the types and frequency and timing of changes developers can propose to avoid diversion of resources from completing interconnection studies or having to engage in more restudies of projects potentially impacted by the changes.
 - Limits to the timing of developer changes can be in relation to the maturation of the interconnection study so study results are not delayed by late proposed changes.
- Project Timing and Commitments Post IA:
 - The NYTOs support review of the adequacy of milestone timing limitations so projects that are speculative or that are not going to be built do not prejudice later queued projects that are ready to proceed. This form of interconnection rights reservations should not be indefinite, particularly where a later queued project would be economically viable and prepared to proceed but for an earlier stalled project's indefinite reservation of scarce capacity.

Conclusion:

While the overlapping cluster approach has fundamental flaws, the NYTOs support 'no regrets' improvements in the interconnection process summarized above. These measures will lead to a more efficient and faster process from IR to IA and will better allocate resources to facilitate meeting CLCPA requirements. We remain committed to working with the NYISO and stakeholders to improve the interconnection process.