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Re: ACE NY feedback on June 5, 2023 TPAS Interconnection Reform proposal

Dear Mr. Nguyen,

Alliance for Clean Energy New York (“ACE NY”) appreciates the effort and time New York Independent System Operator (“NYISO”) is taking to revamp its interconnection process. ACE NY appreciates the opportunity to provide feedback to NYISO’s Interconnection Reform proposals on an ongoing basis. Our members are very interested and invested in the success of the future process and will be providing feedback and comments on additional topics in future letters. Based on the June 5 TPAS Interconnection Reform presentation, ACE NY would like to offer the following comments for your consideration.

Size of Required Deposits

ACE NY supports a substantial at-risk deposit to limit speculative projects from entering the queue, without being overly prohibitive. Establishing a substantial at-risk deposit is a positive step to ensure only commercially ready projects with higher viability move forward. NYISO has not yet defined the size of the non-refundable application fee or required study deposit but references what RTOs/FERC is recommending¹, which we support.

Consistent with previous ACE NY comments, projects that are assigned large cost increases resulting in higher cost estimates between phases should be allowed to withdraw and incur only a reduced forfeited deposit amount.

¹ FERC proposed an upfront study fee of \$35,000 + \$1,000/MW for projects that are > 20 MW < 80 MW; \$150,000 for projects that are > 80 MW < 200 MW; \$250,000 for projects that are > 200 MW, and then these fee amounts again twice more during the process with multipliers if the commercial readiness milestone is not met.

NYISO's proposal includes one study deposit payment upfront with 25% of the deposit at risk if the project drops at the end of the Clustered Feasibility Study decision phase. Does the proposed security deposit include study costs and/or network upgrade cost deposit? NYISO should consider splitting the upfront deposit into two payments: one to cover the study cost and one to act as a readiness security payment and thus give optionality of cash or Letters of Credit (LOC). NYISO is requested to provide good faith estimates for the expected study costs at each phase and sizing of the readiness security deposit.

ACE NY proposes that, if the at-risk portion of the deposit covers both study and security deposit the amount of the forfeiture for projects withdrawing from the queue is the greater of 1) 25% of the deposit or 2) a true-up of the study costs, to not put unfair burden on the cluster members remaining in the queue. This is applicable if the security paid includes the study costs as well. Further clarity is needed on where non-refundable deposits from projects that drop-out will be redirected. Furthermore, unspent study deposits should be returned to the interconnection customer within 30 Business Days. ACE NY asks that the NYISO clarify that at-risk deposits will be returned in-full for projects, net of study costs, that complete the entire process, execute Interconnection Agreements, and post security for their interconnection cost allocations.

Regulatory Milestones

ACE NY appreciates that NYISO has acknowledged our concern of regulatory milestone being linked to external processes being the sole indicator of readiness. The regulatory milestone requirement for the developer at the end of Class Year studies and before execution of IA, could require the developer to achieve one of the following:

1. Proof of local zoning/siting negative SEQR declaration.
2. ORES completeness determination or a period of 150 days has occurred since submission of the application:
3. A binding term sheet, award, or contract for offtake; or
4. Posting of a large non-refundable security deposit in lieu of the foregoing, at the acceptance of the Phase 2 Class Year cluster study results

Time to COD

The current COD requirement is tied to a Class Year's date of completion. While not a feature of NYISO's June 5th presentation, ACE NY maintains that the Time to COD should be extended to 6-7 years to better accommodate permitting and construction timelines based on fuel type (i.e., Offshore Wind needs an extended timeline compared to solar).

Site Control Requirements

To meet New York's decarbonization goals, the interconnection process must allow viable and well-developed projects to get interconnection agreements in a manageable timeframe and provide reasonable cost estimates at each stage. This necessitates prioritizing projects that have a higher chance of success over those that are speculative. Full Generator site control is an integral part of demonstrating that a project is ready to enter an interconnection queue and unlikely to withdraw early in the process.

ACE NY appreciates NYISO's acknowledgement of requests to define "full site control" and its openness for feedback. Clear definitions and timelines of required site control positively

provides guidance to developers for queue entry. ACE NY supports requiring full generator site control without a deposit alternative and disallowing projects from submitting multiple queue positions for projects with the same site control.

ACE NY agrees that site control for the Right of Way (ROW) or Gen-Tie to the POI, is a consideration for project readiness, but requiring it at the application stage is premature. ACE is supportive of requirement of a percentage of site control for the Gen Tie at the start of the Class Year Stage 2. It is more reasonable to require site control for Gen Tie when the project has adequate information of SUF and SDU network upgrades.

For offshore wind developers, the acquisition of an offshore wind lease area will provide the developer with 100% site control over the generating facilities, which will be constructed in the offshore wind lease area. Offshore wind resources may not be able to demonstrate 100% site control of the interconnection facilities at the time of the interconnection request as they are not able to know with certainty the final offshore and onshore cable routes and onshore landings until the conclusion of the National Environmental Policy Act (NEPA) process, which is conducted by the Department of Interior's Bureau of Ocean Energy Management (BOEM) as the lead agency. This permitting process can take nearly a decade and is designed to be a highly iterative process often resulting in significant and unanticipated cable route modifications due to various environmental impact, cultural, and other concerns. Accordingly, NYISO should define "site control" to include the generation site (i.e., offshore wind lease area), but *not* the offshore export cable routes, as the realities of offshore project development mean that this will not be known until later in the process.

Transition Mechanism and Timing

NYISO's proposal shows a "Transition Class Year Study." ACE NY supports providing greater detail on the transition mechanism, including establishing clear cut-off dates and factors determining which projects will continue under current procedures, enter a transitional cluster study, or be evaluated in the new proposed cluster study processes.

It is unlikely that all projects pursuing SRIS now will be accommodated in a single transitional Class Year. To keep consistency and provide developers clarity, NYISO should provide a cutoff date for projects to begin their SRIS studies so that they can be finished in time to enter the Transition Class Year. The cutoff date should be based on how many SRIS studies NYISO will be able to complete ahead of the transition mechanism. NYISO should also clarify whether there is a specific deadline after which the projects will not be processed for SRIS studies. These cutoff dates should be confirmed as early as possible in the queue reform process to set clear expectations for developers who made significant financial and time investments under the premise of receiving interconnection under the current queue process.

Transition to the new process should not delay the start of the next Class Year so resources can continue to progress through the interconnection under their expected timeframe.

Network Upgrade Analysis and Criteria

Project decision points rely on perception of interconnection costs, and high-level (+/- 50%), non-binding cost estimates on SUFs and SDUs should be available earlier than Class Year Stage 2 to inform decision points. Especially in Zones J and K, SDUs are the primary expense coming out of the interconnection process. Without preliminary results in the Feasibility Study, very few projects will be able to have an early sense of whether their project is financially viable and will be forced into the Class Year to receive those costs.

Non-binding SDU estimates are currently provided in the SRIS process and are crucial for developers to make decisions on project viability. NYISO should provide preliminary, non-binding SDU estimates in the Clustered Feasibility Study to give developers the information they need to drop out prior to the Class Year if costs are prohibitively high.

The Cluster Feasibility Studies should include a steady state or transfer analysis for each zone to indicate potential “Elective SUFs.” Class Year Stage 1 at minimum should include indicative costs to inform projects whether they should proceed to Stage 2. The option to select “Elective SUFs” after SRIS studies is not provided in the NYISO proposal which needs to be included in future proposals. Specifically, if the minimum interconnection standard is continued for studying local and non-local SUFs, there is a need for elective SUFs to be determined in the Phase 1 Class Year cluster study to adhere to the higher CRIS deliverability standard. These elective SUFs should be able to be cost shared across other new proposed generators.

Additionally, Connecting Transmission Owners (CTOs) should be required to participate in the Clustered Feasibility Study, specifically in the bus flow analysis, non-binding cost and schedule development and physical feasibility analysis. Without the CTOs participation, there are frequently large deviations from the preliminary estimates from the ISO. The CTOs participation will increase cost certainty earlier in the process and allow projects with high upgrade costs the information they need to drop out prior to the Class Year.

Interconnection process timeline

ACE NY commends NYISO on the improvements in the most recent reform proposal. It is expected to be more efficient and faster than the current process. However, three total years in the best-case scenario without delays, is still a significant amount of time to be able to complete the interconnection process and have certainty on interconnection costs. ACE NY would like to understand how NYISO determines the time estimates for each step of the process. Could the NYISO share how and why it arrived at those estimates? ACE NY would like to be actively involved in improving efficiencies and would like to understand the estimates and historic delays or roadblocks in order to make coherent and useful suggestions.

Group A and Group B Concept

ACE NY suggests that NYISO modify the parameters of Group A and Group B. One concern is that the current proposal introduces cost allocation risk, compared to the NYISO presentation April 19, 2023 Straw Proposal, that could limit the usefulness of creating two groups for the Clustered Feasibility Study. Under the proposed approach, projects can wait for the results of Group A to complete and then enter substations that have low identified costs. While projects in Group A and B may both remain feasible (and thus allowed to proceed into the Class Year), the

estimated SUFs may change drastically with the addition of a project in Group B. This cost is then suggested to be shared with Group A in Class Year.

ACE NY would like to suggest a few options that could be adopted in full or in part for NYISO to consider for revising the parameters for Group A and Group B.

1. The two-part study approach of Groups A and B is maintained, but Group B is reserved for projects that are found to have had an infeasible POI in Group A that want to re-enter with a new POI.
2. The two-part study approach of Groups A and B is maintained, and Group B is reserved for projects that would like to enter Group B at the same POI but the project has been downsized.
3. The two-part study approach of Groups A and B is maintained, and Group B is reserved for new projects with a POI that has not been studied.
4. Group B is eliminated.

ACE NY, as noted many times, believes greater speed in the process should be sought wherever it can be had without significantly damaging the process.

This approach maintains the benefits of allowing projects the opportunity to see preliminary results and modify their project after IR but decreases uncertainty and risk for all projects involved in the cluster. As it's likely that the second round of study would proceed faster under this proposal, this would allow additional studies to be performed for resources remaining in Group B that could provide developers with estimates of SDUs and non-local SUFs without compromising study time. It also would give certainty to projects that were able to successfully navigate Group A that their position cannot be subsequently compromised.

Infeasible POIs

NYISO should clarify what determines whether a POI is feasible or infeasible. ACE NY agrees that the priority order for projects in contention for the same resources should be defined. Members support feasibility being addressed early, though efficiency of this process will benefit from publishing additional data for POI availability and updating the public queue information with greater frequency to inform decisions on available locations.

The Group A/B concept appears to show an incentive for a project to get into Group A with Group B effectively being a second chance to enter the same Class Year, and if a project is deemed infeasible in Group B, it will need to apply to be a part of subsequent clusters.

If two projects propose the same POI in the same group, both should be studied simultaneously with neither receiving priority based on Queue Position. To facilitate this, NYISO should publish additional data about where proposed projects are located, including both proposed projects in the queue and anything on the transmission and distribution lines that utilities are planning to construct so developers can make informed decisions. NYISO should also publish the updated queue at a higher frequency so developers can make informed decisions on available locations. It should also be clarified that the developer, not NYISO, is responsible for withdrawing infeasible projects from the queue.

Proforma Construction agreements

ACE NY requests that NYISO adopt a standardized pro-forma agreement for an EPC. In addition, NYISO should standardize and organize their reports to integrate into the appendices of the Interconnection Agreement/EPC more easily.

Pre-application exploratory studies using TO and ISO databases

ACE NY would like to request that the Transmission Owners provide the developers with substation single-line diagrams, equipment ratings, station layouts, hosting capacity maps and Large Generator Interconnection Procedures pre-apps. This information would be crucial for developers to determine infeasible projects earlier in the process and result in less work for the NYISO.

Pre-application model requirements

ACE NY appreciates that NYISO would like to limit the back and forth between the developer and NYISO staff on models and model validation because it can take a significant amount of time and effort and could delay the study process. ACE NY requests that NYISO provide more detail about this requirement and what exactly a developer would need to provide for the models and the validation in order to fully evaluate this part of NYISO Straw Proposal. Further, the New York State Reliability Council has put forward Proposed Reliability Rule 151, which adopts many of the elements of the IEEE 2800 standard. We would request that NYISO provide additional detail on how these two requirements would interface and would want to ensure that together they do not pose an unnecessary barrier to entering the queue.

Sincerely,

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