To: NYISO

From: Marc D. Montalvo on behalf of the NY UIU

Cc: Erin Hogan

DATE: December 11, 2018

SUBJECT: NYISO's comprehensive system planning process reform

Thank you for the opportunity to submit these comments.

At the December 4th ESPWG/TPAS meeting, the NYISO presented its Proposed Planning Process Structure (the "Proposal") as part of the Comprehensive System Planning Process (CSPP) Review. The New York Utility Intervention Unit (NYUIU) offers the following comments on the Proposal.

First, the NYUIU supports the primary objectives of the Proposal. Increasing coordination among the four components of the CSPP and aligning the planning schedules has the potential to produce more efficient planning outcomes and deliver better results for consumers. The electric system is rapidly changing, and improvements to the transmission planning process could help New York use and develop resources more efficiently.

That said, while the NYUIU supports the concept of solving for multiple objectives in the planning process, doing so introduces a substantial increase in the complexity of the process. As noted in the proposal, transmission upgrades in the various categories under the CSPP (reliability, economic, policy, local) have different entities with input and decision-making authority. By combining the planning processes together, there is a risk that there could be too many entities with divergent priorities involved, potentially hindering the planning process.

The Proposal includes a conceptual schematic depicting the proposed planning process (Appendix B). This schematic is helpful, but incomplete. The schematic does not adequately define certain elements and omits others. For example, the process includes the development of "Baseline and actionable Scenarios" but does not define either, and it is unclear how scenarios might be used in the project evaluation process. If these scenarios are intended to evaluate potential future conditions, the Proposal should be explicit. Given the ongoing and expected changes in the bulk power system (acknowledged elsewhere in the Proposal), it will be critical to ensure reasonable assumptions and forecasts that incorporate expected changes to the market and power system. This includes changes due to existing or expected New York policies (Clean Energy Standard, offshore wind targets, carbon charge, electric vehicle adoption).

There are certain elements that are missing from the conceptual schematic. As discussed above, a key component of a coordinated planning process will be the involvement of the various stakeholders and

decision-makers. At this point the conceptual schematic does not include these entities and the other approval processes that would be required for a multi-use project to be approved. For example, if a single transmission solution is going to serve reliability, economic, and policy goals, the schematic only shows the NYISO process that would approve the reliability function; it does not depict the stage where beneficiaries would vote to approve the economic function, and the involvement of the PSC in the policy aspect of the project. Including these components will give a more complete representation of the process and help identify potential challenges.

The Proposal should include a more explicit description of the goal of the comprehensive planning process and a statement of planning objectives. The objectives of reliability, economic, and policy-based transmission planning are already defined, but a coordinated planning process that tries to include the goals of all three needs to have a distinct statement of objectives beyond simply the combination of the individual objectives.

For example, the Proposal does not address how the priorities of the three planning categories will be balanced when evaluating a project. If the NYISO defines a set of reliability and economic needs, and one proposed solution addresses a smaller subset of those needs for lower cost than another proposed solution, it is unclear how the process will balance project costs against reliability and economic needs (both independently and jointly). A more explicit definition of the planning objectives and priorities will help stakeholders provide feedback on the process proposal.

The Proposal notes that "the comprehensive system planning process (reliability, economic, and public policy processes) will solicit all types (generation, transmission, and demand-side) of market-based solutions in addition to regulated transmission solutions." The NYUIU supports this approach, but the Proposal is lacking in how the consideration of non-transmission alternatives (NTAs) would be achieved in the comprehensive process.

The conceptual schematic includes the process that would reasonably apply to review and approval of transmission upgrades, but the approval and siting of generation or other NTAs would require other entities and a different timeline. Including these details would help provide a more complete view of the schedule and process.

A key issue that is not currently discussed in the Proposal is the cost allocation for transmission upgrade approved under the CSPP. Currently there are different cost allocation methods for local, reliability, economic, and policy upgrades. If the Proposal is considering changing those allocations, it should include that information.

If the Proposal is contemplating a continuation of the same cost allocation methods, there will need to be a process to identify the portion of a proposed solution that would be assigned to each "bucket" for independent cost allocation. This will add significant complexity to the review and approval process. Given the importance of cost allocation, this issue should be included in the Proposal development from the outset.