



New York City Public Policy Transmission Need FAQ #4

**A Document from the New
York Independent System
Operator**

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DRAFT – FOR DISCUSSION PURPOSES ONLY

Introduction

On June 22, 2023, the New York State Public Service Commission (PSC) issued an order identifying a Public Policy Transmission Need.* The Order declared that the Climate Leadership and Community Protection Act (CLCPA), which requires the Commission to develop a program for at least 9,000 megawatts (MW) of offshore wind energy by 2035, constitutes a Public Policy Requirement driving the need for additional transmission facilities to deliver the output of offshore wind generating resources to New York City interconnection points. The Order calls for complete end-to-end solutions that will accommodate the full output of at least 4,770 MW of incremental offshore wind generation injected into New York City (Zone J) with all permitting and construction activities necessary to achieve an in-service date no later than January 1, 2033 (hereinafter the “NYC PPTN”).

Key References

NYISO NYC PPTN Solicitation:

- [NYC PPTN Solicitation](#)

NYISO NYC PPTN Technical Data:

- [See slide 71 for instructions to request CEII study data & Developer Guide](#)

NYISO Technical Conference Presentations:

- [New York City PPTN November 6 Technical Conference Presentation](#)
- [New York City PPTN December 7 Technical Conference Presentation](#)

Other NYC PPTN References:

- [PSC Order](#)
- [DPS/NYISO PSC Order Q&A Document](#)
- [NYISO FAQ \(dated November 6, 2023\)](#)
- [NYISO FAQ \(dated February 16, 2024\)](#)
- [NYISO FAQ \(dated April 24, 2024\)](#)
- [DPS PSC Order Q&A Document \(dated January 17, 2024\)](#)
- [DPS PSC Order Q&A Document \(dated February 14, 2024\)](#)
- [DPS Staff Letter to NYISO](#)

Planning Manuals:

- [Public Policy Transmission Planning Process Manual and Attachments B and C](#)
- [Transmission Expansion & Interconnection Manual](#)
- [Economic Planning Process Manual](#)

Planning Reports:

- [Long Island Offshore Wind Export Public Policy Transmission Planning Report](#)
- [AC Transmission Public Policy Planning Report](#)
- [Western NY Public Policy Planning Report](#)

Relevant Tariff Sections: <https://www.nyiso.com/regulatory-viewer>

- Section 22 – Transmission Interconnection Procedures
- Section 31.4 – Public Policy Transmission Planning Process

* *Capitalized terms that are not otherwise defined in this document shall have the meaning specified in Attachment Y of the OATT, and if not defined therein, in other sections of the OATT.*

Frequently Asked Questions (FAQs)

Evaluation and Selection

The NYISO will evaluate any proposed Public Policy Transmission Projects that are eligible for selection using the metrics set forth in Section 31.4.8.1 of Attachment Y to the OATT. The following Questions and Answers provide further directional guidance to project evaluation and potential selection.

1. In previous discussions related to the application of the single loss of source criteria, the NYISO has indicated that the measurement would be at the offshore point of interconnection. Can the NYISO confirm that the response to Question No. 19 in the [FAQ #3](#), posted on April 24, 2024, document is accurate?

Answer: Consistent with the response to Question No. 19 in FAQ #3, posted on April 24, 2024, the NYISO confirms that the point of measurement for studying the impact on operating reserve will be at the onshore point of interconnection.

2. If a project proposal wants to demonstrate that it can expand up to 8,000 MW and the expansion would require additional offshore and onshore HVDC converter stations, as well as additional AC injections into the Zone J, does the Developer need to submit a separate proposal for the expansion scenario for that expandability to be evaluated? Alternatively, can a Developer include, in the same project proposal, how the solution would expand above the minimum amount in order for the expandability of the minimum solution to be evaluated?

Answer: A solution is required to propose an “end to end solution” to inject at least 4,770 MW of incremental offshore wind into New York City (Zone J) by January 1, 2033. The Order identifying the NYC PPTN specified that proposed solutions that enable the injection of incremental offshore wind above 4,770 MW and up to 8,000 MW should be valued in the NYISO’s evaluation. The New York State Department of Public Service further clarified that Developers wishing to propose a solution that injects incremental offshore wind generation above the minimum requirement of 4,770 MW offshore wind capacity can phase their solutions provided that facilities necessary to inject the minimum requirement of 4,770 MW of offshore wind generation must be in service by January 1, 2033.

A Developer can propose under a single solution not only the facilities that are necessary to meet the minimum injection of 4,770 MW of incremental offshore wind but also additional facilities that would enable injections above 4,770 MW and up to 8,000 MW. When a Developer proposes a solution that contains facilities that are capable of injecting incremental offshore wind above 4,770 MW, the NYISO explained that the proposed solution must, at a minimum, detail where the 4,770 MW of incremental offshore wind is connected and the offshore and onshore

facilities that are necessary to inject the 4,770 MW into Zone J to meet the viability and the sufficiency criteria.¹

Additionally, as indicated in slide 63 of its presentation at the November 6th technical conference, the NYISO further explained that a Developer that proposes a solution that is capable of injecting incremental offshore wind above 4,770 MW and up to 8,000 MW must also include in its submittal how the proposed solution is connected and the specific offshore and onshore facilities that are necessary to inject the incremental offshore wind above 4,770 MW up to 8,000 MW into Zone J. As requested in the “Project Modeling Files” section in the [New York City PPTN Information Request: Responses to Question #13 \(Q13\) of the Attachment B of the Public Policy Transmission Planning Process Manual](#), posted on April 2, 2024,² a proposed solution in such case must also submit project modeling files that distinguish the facilities based on the level of injection that they are supporting. All facilities must be submitted under a single proposed solution.

As indicated in slide 43 of its presentation at the December 7th technical conference, Developers can also identify how their proposed solutions could be expanded in the future, but not under the current NYC PPTN, to demonstrate the proposed solution’s performance for purposes of the expandability metric. In doing so, Developers can identify any offshore or onshore point that may be potentially expanded in the future and, therefore, may accommodate additional incremental offshore wind generation injection above 4,770 MW and up to 8,000 MW. In this case, Developers are not required to submit specific facilities in its proposed solution, and the future expansion would be separate from the NYC PPTN.

Developers must continue to be mindful that in accordance with Section 31.4.4.3.2 of Attachment Y to the OATT, proposed Public Policy Transmission Projects cannot include alternative or optional facilities. The tariff only permits routing alternatives consistent with Section 31.4.5.1.3 of Attachment Y to the OATT to be included in a single Public Policy Transmission Project. Any other alternative must be submitted as a separate Public Policy Transmission Project and must independently satisfy the viability and sufficiency criteria.

3. Can the NYISO confirm how it will evaluate additional energy delivered for a system in which its design has accounted for OSW overbuild?

Answer: Please refer to the Question 2 above. Additionally, in evaluating proposed Public Policy Transmission Projects, the NYISO will consider the metrics specific in the OATT (*e.g.*, cost per MW, operability, performance, change in production cost), as well as the evaluation criteria proposed by the PSC. For instance, the NYISO may use scenarios representing up to 8,000 MW of incremental offshore wind generation

¹ See [NYISO Presentation, Technical Conference: New York City Public Policy Transmission Need](#) (November 6, 2023), at slide 53.

² See also [NYISO Presentation, NYC PPTN Update](#) (March 31, 2024) (discussing the need for Developers to include the request for additional information related to the NYC PPTN as a part of Question #13 in Attachment B).

injected into Zone J to evaluate the performance under, among other things, the expandability metric and the ability to deliver renewable energy as specified by the PSC.

4. How will real estate costs paid annually as part of operations and maintenance expenses for a proposed Public Policy Transmission Project be analyzed during the evaluation?

Answer: The tariff specifies that the NYISO will consider the capital costs of proposed Public Policy Transmission Projects in evaluating the more efficient or cost-effective solution to a Public Policy Transmission Need. Accordingly, the tariff requires a Developer to provide “credible capital cost estimates for its proposed project” that includes “all components that [are] needed to meet the Public Policy Transmission Need.” Furthermore, consistent with the OATT, the NYISO uses the definition of Included Capital Costs and Excluded Capital Costs in preparing an independent cost estimate for each proposed Public Policy Transmission Project. Within the definition of Included Capital Costs, “real estate and land rights [and] rents” are explicitly included as capital costs. Similarly, Excluded Capital Costs include certain real property rights that can be excluded from Included Capital Costs.

When calculating real estate costs, such as those expected to be paid annually, for purposes of its evaluation, the NYISO will treat them as capital costs and discount them to the present value. Developers should include real estate costs (including those expected to be paid annually) in capital cost estimates for purposes of NYISO’s evaluation.

While the NYISO will include real estate costs paid annually as capital costs in its independent cost estimate, the Developer may include in its submission supporting evidence, such as an advisory letter from its counsel or an order from FERC, confirming that the proposed real estate cost paid annually shall be and are properly can be classified as an operating cost as opposed to a capital cost consistent with FERC’s accounting regulations. To the extent that it is practicable, the NYISO may consider and give appropriate consideration to such supporting evidence in evaluating the proposed solution’s voluntarily submitted Cost Cap.