

# **Straw Proposal to Address Non-BPTF Upgrades in the Public Policy Transmission Planning Process and Establish a Procedure to Administer Section 31.6.4 of Attachment Y**

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**Joint Electric System Planning Working Group/  
Transmission Planning Advisory Subcommittee**

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# Background

Stakeholders have raised concerns about the study of non-BPTF upgrades in the Public Policy Transmission Planning Process

- Certain Transmission Owners (Central Hudson Gas & Electric, Con Edison, National Grid, NYSEG, O&R, and RG&E) collectively presented the proposal, entitled “Necessary Local Upgrades for Public Policy Transmission Need Projects” at the ESPWG on Dec. 19, 2019
- Comments and lessons learned from the Western NY and AC Transmission PPTNs evaluation and selection

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# Background

Certain Transmission Owners also sought to clarify their right to build, own, and recover the costs of non-BPTF upgrades in the Public Policy Transmission Planning Process pursuant to Section 31.6.4 of Attachment Y

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# Overview

- NYISO staff reviewed the inputs and developed a straw proposal to revise the OATT and the Public Policy Transmission Planning Manual to address the identified concerns and to further enhance the Public Policy Transmission Planning Process
- Principal proposals include:
  1. Study of the feasibility/constructability of non-BTPF upgrades through a project's System Impact Study and consider the results in the Public Policy Transmission Planning Process evaluation and selection
  2. Establish a Procedure to Administer Section 31.6.4 of Attachment Y

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# **Proposal No. 1: Evaluation of Non-BTPF Upgrades in the Public Policy Transmission Planning Process**

- Stakeholders have raised concerns about the ability of the NYISO to adequately study the feasibility and constructability of non-BPTF upgrades in a proposed project based on the Public Policy Transmission Need

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# **Proposal No. 1: Evaluation of Non-BTPF Upgrades in the Public Policy Transmission Planning Process**

## **Proposed Process Improvements:**

- 1. NYISO will perform sensitivities, as appropriate, to account for the Public Policy Transmission Need case when performing the required analyses**
- 2. Revise the scope of the feasibility/constructability analyses in the optional Feasibility Study and System Impact Study under Attachment P for upgrades proposed or related to Public Policy Transmission Projects to study the feasibility/constructability of not only where the upgrade proposes to interconnect but also the upgrade itself as it relates to the local transmission system**
  - Similar to the way NYISO treats elective System Upgrade Facilities under the Large Facility Interconnection Procedures (Attachment X)**

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# **Proposal No. 1: Evaluation of Non-BTPF Upgrades in the Public Policy Transmission Planning Process**

## **Proposed Process Improvements:**

- 3. Revise the SIS study to make it into two distinct parts for Public Policy Transmission Projects and use one part of the SIS as an input into the NYISO's evaluation and selection**
  - Part 1 of the SIS will include the identification of potential feasibility/constructability concerns and necessary Network Upgrade Facilities to reliably interconnect the project
    - Part 1 will be used as an input into NYISO's evaluation and selection in the Public Policy Transmission Planning Process
    - NYISO's consultant will prepare independent costs estimate for the identified Network Upgrade Facilities and any risks identified with the feasibility/constructability of an upgrade
  - Part 2 of the SIS will include the good faith cost estimate for the identified NUFs and be included in the final SIS report
    - NYISO's evaluation and selection in the Public Policy Transmission Planning Process would proceed in parallel, thereby reducing the potential for delay

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Developers could propose projects consisting of new facilities and upgrades on the existing facilities, but should understand that upgrades to the existing facilities would be assigned to the TO first, unless TO declines

NYISO reviews the project proposal for (1) consistency of applications between the interconnection and PPTPP, (2) characterization of project elements (new vs. upgrades), and (3) identify the TO(s) owning affected facilities

### Public Policy Transmission Planning Process

NYISO conducts Viability & Sufficiency

NYISO evaluates and selects  
(involves analyzing and cost estimating information derived from System Impact Study – “Part 1”)

NYISO Categorizes Project Components and Identified NUFs

New Facilities

Upgrades

Developer is assigned the facilities

TO offered the Right of First Refusal

Accept

NYISO and the Developer negotiate and execute the Development Agreement

Developer and NYISO consider potential modifications to declined upgrades, if any, based on CTO input

NYISO and the TO negotiate and execute the Development Agreement

Assigned Developer and/or Assigned TO makes necessary rate filings through Rate Schedule 10

### Interconnection Process

NYISO conducts System Impact Studies in the Interconnection Process

System Impact Study – “Part 1”: identifies reliability violations and concerns of feasibility/constructability of the project at POIs,<sup>1</sup> as well as any the feasibility/constructability of any upgrade to existing transmission facilities

NYISO, in consultation with TO(s), identifies the required NUFs

System Impact Study – “Part 2”: NYISO, in consultation with TO(s), prepares good faith cost estimates of NUFs, and finalizes the System Impact Study

NYISO conducts the Facilities Studies in consultation with the TO(s)<sup>2</sup>

NYISO, TO(s), and Transmission Developer(s) negotiate and execute the Interconnection Agreement(s)

By NYISO

By Connecting TO

By Developer

<sup>1</sup> If the Developer completed an Optional Feasibility Study, the information from that study will be used for the SIS.

<sup>2</sup> If the TO accepts an upgrade, the TO will then have to be come involved in the Facilities Study as a “Transmission Developer” under the TIP, together with the Developer.

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# **Proposal No. 2: Assignment Process for Upgrades**

## **Section 31.6.4 - Rights of Transmission Owners**

Nothing in Attachment Y affects the right of a Transmission Owner to:  
(1) build, own, and recover the costs for upgrades to the facilities it owns, provided that nothing in Attachment Y affects a Transmission Owner's right to recover the costs of upgrades to its facilities except if the upgrades has been selected in the regional transmission plan for purposes of cost allocation, in which case the regional cost allocation method set forth in Attachment Y of the ISO OATT applies, unless the Transmission Owner has declined to pursue regional cost allocation;

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# **Proposal No. 2: Assignment Process for Upgrades**

**Order No. 1000 and current Attachment Y define “upgrade” as:**

An improvement to, addition to, or replacement of a part of an existing transmission facility and shall not refer to an entirely new transmission facility.

# **Proposal No. 2: Assignment Process for Upgrades**

- **Currently, the Public Policy Transmission Planning Process is silent as to how a Transmission Owner would exercise its right as it relates to upgrades under Section 31.6.4 of Attachment Y**
- **By including an assignment process, Developers, Transmission Owners, and stakeholders will have greater clarity to help aid them in the various steps of the Public Policy Transmission Planning Process**

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# Proposal No. 2: Assignment Process for Upgrades

## Proposed Process Improvements:

- As a first element, NYISO proposes to clarify the various types of components in a Public Policy Transmission Project through revisions to the project submittal in the Public Policy Transmission Planning Process Manual, as follows:
  - The “Project” would include:
    - New transmission facilities to achieve the Public Policy Transmission Need
    - Improvements to, additions to, or replacement of a part of an existing transmission facility that a Developer proposes to achieve the Public Policy Transmission Need, but not for the purpose of interconnecting the facility to the New York State Transmission System
      - Includes upgrades directed by the New York State Public Service Commission (“PSC”) for a Public Policy Transmission Need
  - Potential Network Upgrade Facilities (“NUFs”):
    - Those facilities that a Developer believes are necessary to reliability interconnect the proposed project to the New York State Transmission System
    - Developer will identify potential NUFs in its proposal to create a complete facility that interconnects to the New York State Transmission System, but the potential NUFs are subject to change
    - Potential NUFs are not considered to be a part of the “project” and, therefore, can be modified by NYISO based upon the NYISO-conducted interconnection studies

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# Facilities Potentially Assignable to Transmission Owners

## Upgrades Potentially Assignable to Transmission Owners

Upgrades in a proposal to achieve the Public Policy Transmission Need but not to interconnect the facility

- e.g., reconductoring of a 115 kV line to achieve PPTN, or PSC-identified Upgrades

Network Upgrade Facilities at the connecting points

- e.g., breakers at the existing substations or upgrades necessary to resolve 115 kV overloads in the example

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# **Proposal No. 2: Assignment Process for Upgrades**

## **Proposed Process Improvements:**

- **As a second element, NYISO proposes to establish a process by which NYISO will consider the facility characterizations provided in a Developers' proposal and identify in the draft report the various components of the selected project as a new facility or upgrade**
- **The new facilities will be designated to the Developer of the selected project, while upgrades will be first assigned to the Transmission Owner that owns the facility to be upgraded**
- **Transmission Owner will have a specified period of time to accept the assignment**
  - If accepted, the Transmission Owner will be the responsible Developer for that component of the project, which includes:
    - Entering into a Public Policy Transmission Planning Process Development Agreement,
    - Participating in the Facilities Study as a "Transmission Developer," and
    - Having an opportunity to recover the costs under Rate Schedule 10, as well as a reasonable rate of return.
  - If rejected, the Selected Developer will be the responsible Developer for that component of the project

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NYISO reviews the project proposal for (1) consistency of applications between the interconnection and PPTPP, (2) characterization of project elements (new vs. upgrades), and (3) identify the TO(s) owning affected facilities

**Public Policy Transmission Planning Process**

**Interconnection Process**

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NYISO Categorizes Project Components and Identified NUFs

NYISO, in consultation with TO(s), identifies the required NUFs

New Facilities

Upgrades

System Impact Study – “Part 2”: NYISO, in consultation with TO(s), prepares good faith cost estimates of NUFs, and finalizes the System Impact Study

Developer is assigned the facilities

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NYISO and the Developer negotiate and execute the Development Agreement

Accept

NYISO, TO(s), and Transmission Developer(s) negotiate and execute the Interconnection Agreement(s)

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Assigned Developer and/or Assigned TO makes necessary rate filings through Rate Schedule 10

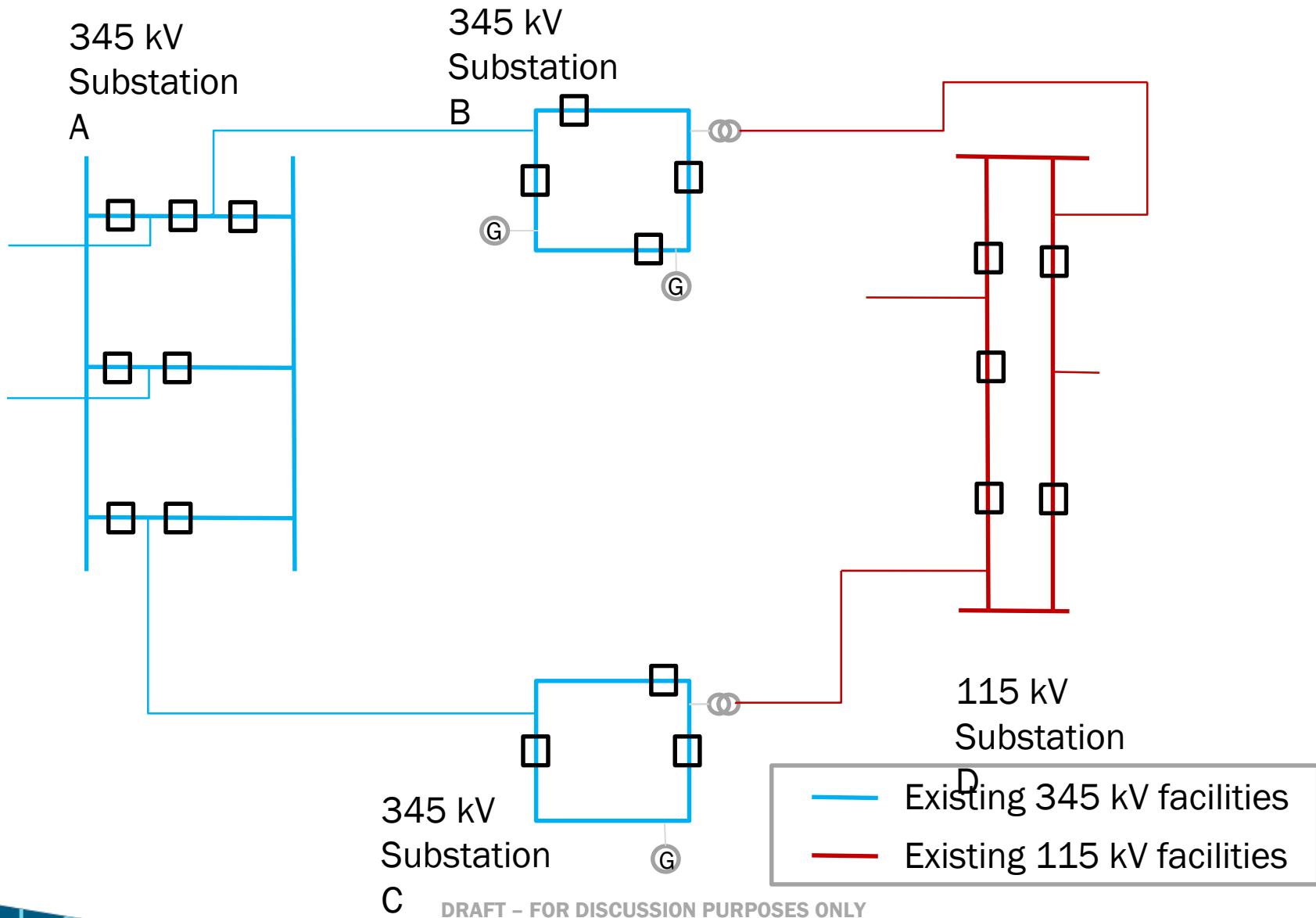
- By Connecting TO
- By Developer

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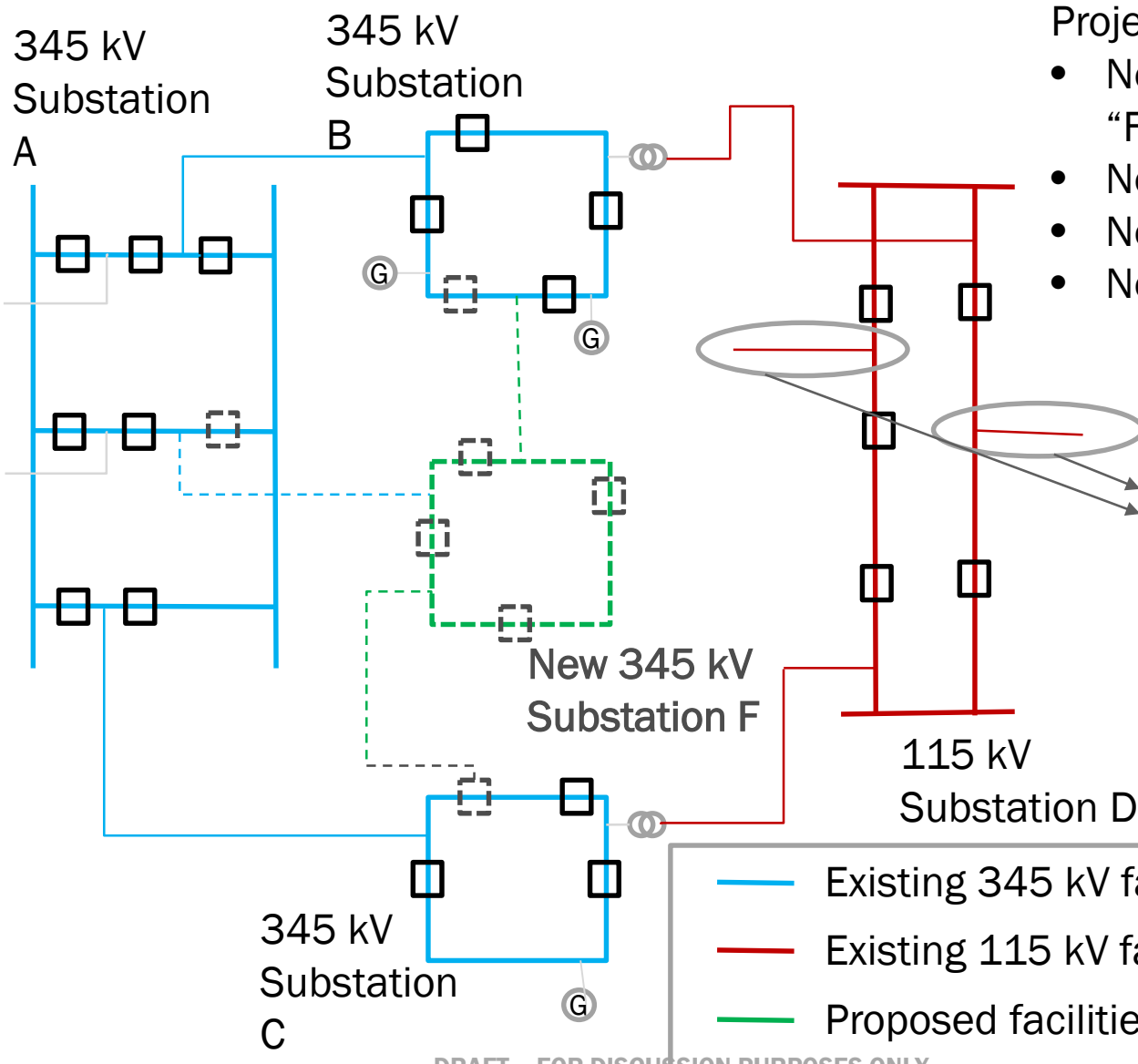


# Example: One-Line Diagram of the Proposed Facilities





# Example: One-Line Diagram of the Proposed Facilities



Project Proposal (in green):

- New 345 kV substation "F"
- New 345 kV line A-F
- New 345 kV line B-F
- New 345 kV line C-F

Developers could flag resulting N-1 overloads on the two existing 115 kV lines and recommend potential mitigations.

<span style="color: blue;">—</span>	Existing 345 kV facilities
<span style="color: red;">—</span>	Existing 115 kV facilities
<span style="color: green;">—</span>	Proposed facilities

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# Example: One-Line Diagram of the Proposed Facilities

## Facilities Assignment

### Developer

New facilities, including:

- Substation F
- New 345 kV

### Applicable Transmission

### Owner(s)

Upgrades to existing facilities, including:  
None in this example.

Network Upgrade Facilities, including:

- New breakers at Substations A, B, C
- Protection & coordination upgrades at Substations A, B, C
- The 115 kV line upgrades to resolve the overloads

*NOTE: Entity assigned to construct, own, and operate the facility will recover its costs through Rate Schedule 10, which would include a reasonable rate of return.*

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# Next Steps

- The NYISO plans on returning to the next ESPWG/TPAS on May 3, 2019 for further discussion.
- The NYISO requests interested market participants to provide comments no later than by April 19, 2019 in order for the NYISO to consider them prior to the next ESPWG/TPAS meeting.

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## The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system



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