

## **Comments of National Grid, Con Edison, Orange and Rockland, Central Hudson, New York State Electric and Gas, and Rochester Gas and Electric (collectively, TOs) on NYISO’s Proposed Framework Regarding Necessary Upgrade Facilities for Public Policy Transmission Projects**

The Transmission Owners (“TOs”) appreciate the opportunity to file comments regarding the NYISO’s straw proposal related to the evaluation of upgrades to transmission facilities in its Public Policy Transmission Planning Process and establishment of a procedure to administer Section 31.6.4 of Attachment Y related to the rights of Transmission Owners.

As NYISO noted in its presentation, stakeholders, including the TOs, have raised concerns about the study of non-BPTF upgrades in the Public Policy Transmission Planning Process. Specifically, the current process does not provide the ability for the local TO to provide information to NYISO and the Developer about impacts to non-BPTF facilities during the NYISO evaluation process, which can ultimately lead to higher costs for customers or even the selection of a project with infeasible elements. In addition, clarification is required to properly administer Section 31.6.4 of the NYISO Tariff, which provides for TOs to build, own, and recover the costs of upgrades to their own transmission facilities.

In December 2018, the TOs presented a proposal<sup>1</sup> to the Electric System Planning Working Group (ESPWG) to address these issues. The principles underlying that proposal were: (1) the need to get the “right” answer for customers – a cost-effective and efficient project that meets the public policy objective; (2) preservation of the competitiveness and integrity of the selection process; (3) keeping the evaluation process under the control of the NYISO; (4) preserving New York’s sponsorship model; and (5) minimizing and accurately estimating costs.

The TOs appreciate the NYISO’s efforts and strongly support the NYISO’s straw proposal and process improvements therein. The NYISO’s proposal presents clear, workable solutions to the need to adequately study the feasibility and constructability of upgrades in a proposed project, while remaining consistent with the principles underlying the TOs’ initial proposal. Specifically, NYISO’s proposal to revise the scope of the System Impact Study to assess the feasibility/constructability of upgrades will provide the necessary information to NYISO prior to selection to make a more informed selection recommendation. Additionally, the assignment process for upgrades, as proposed by the NYISO, is consistent with Order 1000 and FERC precedent<sup>2</sup>, and provides clarity to both developers and Transmission Owners on the responsibility for network upgrade facilities and other upgrades to existing facilities.

The TOs also believe that NYISO should discuss with its stakeholders necessary clarifications to the “upgrade” definition. The current definition of “upgrade,” while consistent with Order 1000,

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<sup>1</sup> Available at <https://www.nyiso.com/documents/20142/4035529/Local%20Upgrade%20presentation.pdf/7be31e4e-9e6d-4327-7f39-f49f1d11e6aa>

<sup>2</sup> As FERC stated in Order 1000, “[...] our reforms do not affect the right of an incumbent transmission provider to build, own and recover costs for upgrades to its own transmission facilities, such as in the case of tower change outs or reconductoring, regardless of whether or not an upgrade has been selected in the regional transmission plan for purposes of cost allocation. In other words, an incumbent transmission provider would be permitted to maintain a federal right of first refusal for upgrades to its own transmission facilities.”<sup>2</sup> Order 1000, paragraph 319.

is lacking in guidance on how it would be applied to projects. A clarification of the definition of “upgrade” will provide developers with more clarity regarding project elements that would be the responsibility of the TO if they exercise the right of first refusal. Such changes would help to further improve the process and reduce potential delays caused by confusion over “new” vs “upgrade” facilities. The TOs are eager to work with stakeholders to address this issue.

The process improvements proposed by the NYISO are critical to ensure that future Public Policy Transmission Project solicitations conducted by the NYISO are competitive, fair and better allow the NYISO to select the “right” answer for customers. We look forward to working with the NYISO and its stakeholders to move these reforms forward prior to the next solicitation of solutions to Public Policy Transmission Needs.