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Via Email

PublicPolicyPlanningMailbox@nyiso.com

New York Independent System Operator

RE: Long Island Offshore Wind Export Public Policy Transmission Planning Report

To Whom It May Concern:

The New York Offshore Wind Alliance (NYOWA) respectfully submits the following comments to the New York Independent System Operator (NYISO), strongly urging the NYISO Board to adopt the recommended solution of the NYISO staff to the Long Island Public Policy Transmission Need (LI PPTN). The NYISO LI PPTN evaluation reveals that multiple projects under consideration would effectively address the potential bottling of offshore wind (OSW) resources by expanding the transfer capability between Zones K (Long Island) and J (New York City) and facilitate achievement of New York's landmark Climate Leadership and Protection Act's (CLCPA) goal for decarbonization of the New York grid by 2040, as well as the CLCPA's technology-specific target of 9 GW OSW by 2035. Furthermore, as discussed more fully below, the NYISO evaluation demonstrates that the selected project is a "more efficient or cost-effective solution."

Background and Need

The 2021 Power Grid Study, initiated pursuant to the Accelerated Renewables Act, identified certain bulk transmission upgrades necessary to meet the CLCPA goals. That study found that the addition of a new 345kv tie-line between Zones J and K would have material benefits, including but not limited to: 1) decrease the curtailment of offshore wind by 400 GWh; 2) enable more OSW generation to connect to Zone K, mitigating the risk that high capital costs, permitting challenges or other constraints could make the presumed interconnection of 5,000-6,000 MW into Zone J problematic; and 3) reduce congestion of imports into Long Island during periods of low OSW production.¹ The Commission cited to the Power Grid Study as further evidence supporting the LI PPTN.²

More recently, the NYISO has examined the capability of the New York bulk transmission system to serve the aggressive renewable energy targets embodied in the CLCPA. The *2020-2040 System & Resource Outlook* draft report highlights the significant transmission constraints that

¹ *Initial Report on the New York Power Grid Study*, prepared by the New York Department of Public Service Staff and the New York State Energy Research and Development Authority, at 71.

² LI PPTN Order at 22.

emerge as New York approaches its 2040 target. That study examined the level of curtailment likely to occur given already contracted and planned renewable energy generation across the NYISO system. Specifically, the draft report finds that the introduction of large amounts of renewable generation will exacerbate existing deliverability challenges, resulting in growing levels of resource curtailment. This is particularly true of Long Island, and disproportionately impacting offshore wind. As the report concludes, “Most of the curtailments are experienced by offshore wind projects connected to Long Island due to inadequate transmission capacity.”³

Indeed, the material constraints that gave rise to the Commission’s determination of the LI PPTN are bearing out in ongoing renewable energy procurement processes. This is demonstrated in the New York State Energy Development Authority’s ongoing solicitation seeking at least 2,000 MW of additional offshore wind generation.⁴ Of this total capacity, NYSERDA indicates that, consistent with the Power Grid Study findings, it will not procure more than 1,330 MW of capacity with delivery points in Zone K. It is notable that 1,330 MW capacity limit set in the current NYSERDA solicitation, coupled with the OSW generation already procured pursuant to NYSERDA’s first two solicitations, would total 3,600 MW. This allows for a delivery margin of 20% *in excess* of the capacity assumed in the Power Grid Study and further demonstrates the need for the LI PPTN.

It has been recognized that in order to meet the state’s goals, more than 9GW of offshore wind will likely be needed. For example, the integration analysis within the Draft Scoping Plan that is statutorily required by the CLCPA estimates that, in order to meet the CLCPA’s GHG emission reduction and other Public Policy Requirements, “Even with aggressively managed load, electric consumption doubles and peak load nearly doubles by 2050, and New York becomes a winter peaking system by 2035, with offshore wind of around 20 gigawatts (GW), solar of around 60 GW, and 4- and 8-hour battery storage of around 20 GW by 2050.”⁵ The CLCPA’s requirements cannot be met without substantial ongoing transmission upgrades.

LI PPTN Solicitation and Evaluation

Pursuant to the NYPSC’s designation of the LI PPTN, the NYISO duly issued a 60-day solicitation window on August 21, 2021. The NYISO ultimately received 16 proposals from 4 separate transmission developers that passed the Sufficiency and Viability screen and subject to more rigorous and detailed evaluation.

Under auspices of the Electric System Planning Working Group (ESPWG), the NYISO staff has over the course of the past several months, shared with stakeholders the results of its multi-

³ NYISO, *2020-2040 System & Resource Outlook (Draft Report)*, available at < https://www.nyiso.com/documents/20142/32663964/2021-2040_System_Resource_Outlook_Report_DRAFT_v15_ESPWG_Clean.pdf/99fb4cbf-ed93-f32e-9acf-ecb6a0cf4841> (August 8, 2022) at 6.

⁴ NYSERDA, *Purchase of Offshore Wind Renewable Energy Credits*, ORECRFP22-1, issued July 27, 2022, at 27.

⁵ Draft Climate Action Council Scoping Plan (2021), page 74. Accessed at: <https://climate.ny.gov/-/media/Project/Climate/Files/Draft-Scoping-Plan.pdf>,

factor analysis. Among the more salient findings, the NYISO evaluation indicates that bid projects eliminate or significantly mitigate congestion of offshore wind resources on Long Island, effectively creating the conditions for full deliverability from OSW resources connecting into Zone K. The degree of residual curtailment modeled for the alternative proposals will depend upon the pace and scale of OSW development.⁶

The selected solution by the NYISO staff reveals the following benefits⁷:

- The project adds three new AC tie lines and a 345 kV backbone across western/central Long Island, and partially addresses congestion from Empire Wind 2;
- The project provides effective operability under a variety of outage conditions, with low cost per MW for transfer capability, expandability, and operability range; and
- The project has relatively low procurement, permitting, and construction risks compared to other projects, reducing the potential for increases to project cost and schedule.

The NYISO staff report also identifies significant quantitative benefits in terms of production cost savings and capacity benefits. That said, we agree with the NYISO staff comment that “while economic benefits (e.g., production cost, capacity benefits) help distinguish projects and inform ranking, there is no threshold that projects must meet in order to be selected under the Public Policy Planning Process⁸.”

Broader Implications

Some stakeholders have argued during the deliberations that the NYISO should reject all proposals and decline to award a contract for resolving the LI PPTN; or in the alternative, issue a more narrowly tailored solicitation to address the Barrett-Valley Stream constraint. This argument is predicated on the view that the costs of the proposed LI PPTN solutions outweigh the benefits. The NYISO should categorically reject the “no action” and more limited alternatives.

First, the NYISO final report shows that the quantitative benefits (not counting the qualitative benefits) of the selected solution are comparable to or exceed the costs.

Second, as the Outlook report demonstrates, the no/limited action alternatives do not fully address the Long Island congestion issue and will consign OSW resources – those already contracted with the state and under development, as well as prospectively bid OSW resources - to the risk of curtailment. The LI PPTN will provide developers greater confidence in full deliverability, enabling the lowering of risk premiums in OREC bid prices submitted by OSW

⁶ Under the Baseline Scenario, the NYISO assumes that New York achieves its CLCPA target of 9 GW OSW by constructing 3.1 GW of Long-Island interconnected OSW by 2035; and then maintains a steady state thereafter. By contrast, the Policy Scenario effectively doubles this assumed installed capacity by 2040.

⁷ NYISO Staff [presentation](#) at the ESPWG meeting on May 16, 2023.

⁸ Ibid

developers in future solicitations that would otherwise be borne by ratepayers. This reduced risk is not reflected in the NYISO cost benefit analysis of PPTN projects.

Third, the cost of new transmission will only increase with time. Deferral of transmission development will add cost and complexity in meeting the binding mandates for renewable energy development set forth in the CLCPA. The selection should be made without delays because of the long development and construction time of transmission projects. Many of the OSW facilities will be commercial before these PPTN projects, which are projected to take more than 6 years to complete⁹.

Fourth, failure to address the Long Island constraint will reduce competition in the OSW generation market. Given the severity of the constraint, and the associated cost of necessary transmission upgrades, individual developers may find this cost and risk untenable and withdraw from the New York market. Developers have optionality to participate in neighboring state OSW markets and may well pursue these opportunities, especially where the state has proactively addressed transmission needs.

Fifth, considerable effort has gone into the LI PPTN process to bring it to this point. NYOWA is concerned with the chilling effect a suspension or contraction of the process at this late stage could have on future PPTN efforts in New York. As the primary mechanism New York has for eliciting proposals for transmission to address public policy needs, transmission developers and other stakeholders must have confidence that the process will yield tangible investments.

Sixth, it is not apparent from the NYISO tariff that the decision to terminate a PPTN solicitation rests with the NYISO. Rather, the OATT contemplates suspension of the PPTN evaluation process or project selection only by order of the PSC based on a determination that there is no longer a need. Indeed, the New York Public Service Commission recently issued a SAPA notice seeking public comment on whether the NYISO should proceed with its selection.¹⁰ As of this submission, the Commission staff has been following the NYISO deliberations and the Commission has not stayed the process.

Seventh, NYOWA submits that, as a Public Policy Transmission Need, selection should not be predicated on a proposal demonstrating a positive net benefit. By definition, a PPTN is a project that is driven by public policy considerations. In effect, the legislature has made the judgment that an action or program is in the public interest, and the PPTN is directed to fostering transmission investments that serve those goals. This is not to suggest that cost-benefit analysis is irrelevant; rather, it should be directed to rank ordering project proposals. It should not be applied as a strict “pass-fail” test. This is borne out in the NYISO Public Policy Transmission Need Manual where, in reference to the evaluation of Public Policy Transmission Projects for efficiency or cost effectiveness, it is stated: “The purpose of this phase of the PPTPP is for the

⁹ The NYISO staff indicated that the selected solution’s required Project In-service Date is May 2030. will be commercially operational in 2030.

¹⁰ New York State Register, September 21, 2022 at 7.

NYISO to evaluate the viable and sufficient Public Policy Transmission Projects to identify the *more* efficient or cost effective Public Policy Transmission Project to satisfy a Public Policy Transmission Need.”¹¹

Lastly, the PPTN is an essential tool for unbottling renewable energy generation resources in fulfillment of New York State’s decarbonization goals. The Long Island PPTN is a necessary and significant demonstration of the utility of this mechanism in identifying creative and cost-effective transmission solutions towards the achievement public policy objectives. But by no means is it the last. NYOWA looks forward to the declaration of a PPTN for OSW connecting through New York Harbor, a prospect now squarely before the Public Service Commission, and potentially future such needs based on OSW development aspirations beyond the current 9 GW target.

In sum, NYOWA supports the NYISO Staff evaluation report and conclusion to recommend the Propel Alternative 5 (TO51) project for selection by the NYISO Board as **the** more efficient or cost-effective solution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fred Zalcman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Fred Zalcman, Director

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¹¹ Manual at 31 (*italics added*). See also NYISO OATT Section 31.4.8.1 of Attachment Y.