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July 21, 2023

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Re: ACE NY feedback on June 29, 2023 TPAS Interconnection Reform Presentation

Dear Mr. Nguyen,

Alliance for Clean Energy New York (“ACE NY”) appreciates the ongoing effort New York Independent System Operator (“NYISO”) is taking to revamp its interconnection process. Based on the June 29 TPAS Interconnection Reform presentation, ACE NY would like to offer the following comments for consideration.

Size of Required Deposits

NYISO has clarified two points regarding deposits under the current proposal. The first clarification indicates that the “single study deposit” as NYISO has referred to it to-date is an at-risk-only deposit; that is, the deposit is not intended to cover study costs as projects proceed in the process. NYISO may draw on the amounts in the interim before study costs are ultimately recovered by monthly invoices. Should a project withdraw from the process, the developer will have paid all incurred study costs and forfeit the at-risk portion of the deposit associated with the withdrawal timing. The second clarification indicates that the “additional deposit” required to move to Class Year Stage 2 is intended to be security for the binding upgrade costs identified in Class Year Stage 1.

Considering these clarifications, ACE NY recommends that these instruments be renamed to better reflect their roles in the process. The “single study deposit” could be renamed as the “at-risk deposit” or “readiness deposit” to cement the understanding that the deposit will not apply to study costs incurred. The “additional deposit” could be renamed as “Class Year Stage 1 upgrade security”. It would be helpful for NYISO to clarify whether the cost allocation will include both SUFs and CTO AFs.

ACE NY understands “at risk” as the amount that cannot be recovered when withdrawing a project and proposes the renaming of NYISO’s proposed deposits as follows.

NYISO Name	ACE NY Proposed Name	When	Type	At Risk	Comment
Single Study Deposit	At-Risk Deposit or Readiness Deposit	At Interconnection Application	Cash	Yes	Amount should depend on the MW size of the project. The at-risk portion increases along the process. If a project withdraws from the process, this deposit should be redistributed amongst the remaining developers in the Zone of the POI.
Study Cost	Study Cost	Throughout process	Cash	Yes	Invoiced monthly to cover true study costs.
Additional Deposit	Class Year Stage 1 Upgrade Security	Completion of Class Year Stage 1	LC	Yes	Security covering Stand Alone System Upgrade Facilities (SA SUF) and System Upgrade Facilities (SUF) and contingency.
Additional Deposit	Class Year Stage 2 Upgrade Security	Completion of Class Year Stage 2	LC	Yes	Non-local SUFs and SDUs as identified in Class Year Stage 2

ACE NY recommends that NYISO separate the Single Study Deposit into two deposit types:

1. Study deposit (Uniform for all developers) which should be used towards study costs and can be fully at risk after commencement of the Clustered Feasibility Study phase of the process.
2. The “at-risk deposit” / “readiness deposit” should be a second deposit that is dependent on the size of the project and is a deposit that should be used towards network upgrades of the Project. If a project withdraws, this deposit should be redistributed amongst the remaining developers in the Zone of the POI.

The Class Year Stage 1 security amount should be a relatively small percentage of Stage 1 upgrades as developers should not be forced to put potentially large amounts at risk prior to learning Stage 2 results regarding their non-local SUFs and SDUs. The suggested approach is to make the Stage 1 security amount refundable depending on the extent of the increase in the total interconnection cost changes after Stage 1. The threshold for the percentage increase is to be determined and added into the tariff.

The NYISO presentation suggests the posted SUF/SDU security of a project withdrawing after the posting will be forfeited in full even if there are no other projects identified as needing the

upgrades. ACE NY suggests that for projects which do not impact other projects by withdrawing from the queue, the SUF/SDU security amount should be refunded.

While the amount of the at-risk deposit has not been explicitly stated, the current understanding is that these deposits could result in large amounts held at-risk for significant time periods. In line with previous comments submitted and acknowledging the clarifications above, ACE NY reiterates its request that alternate financial instruments be considered for the at-risk deposit such as letter of credit or surety bond. In addition, ACE NY continues to request insight on how forfeited at-risk deposits will be applied. Additionally, clarification is requested on how the at-risk deposit is treated upon a project successfully completing the interconnection process including the security posting at Class Year completion.

Regulatory Milestones

NYISO's June 29th presentation referenced a more stringent withdrawal penalty where a project's readiness demonstration is not dependent on regulatory milestones. In this scenario, the NYISO presentation suggests the posted SUF/SDU security of a project withdrawing after the posting will be forfeited in full even if there are no other projects identified as needing the upgrades. In our opinion, there isn't a strong justification for this penalty if no other project needs the upgrades at the time of withdrawal. This suggested penalty should therefore be re-evaluated.

In addition to the regulatory milestone and qualifying contract that NYISO has identified as potential readiness markers, NYISO should also maintain the ability to post a deposit in lieu as another option to demonstrate readiness. In addition, ACE NY would like to reiterate the early comment that NYISO has acknowledged our concern of regulatory milestones being linked to external processes being the sole indicator of readiness. The regulatory milestone requirement for the developer at the end of Class Year studies and before execution of IA, could require the developer to achieve one of the following:

1. Proof of local zoning/siting negative SEQR declaration.
2. ORES completeness determination or a period of 150 days has occurred since submission of the application:
3. A binding term sheet, award, or contract for offtake; or
4. Posting of a large non-refundable security deposit in lieu of the foregoing, at the acceptance of the Phase 2 Class Year cluster study results

Time to get to COD

ACE NY appreciates NYISO's acknowledgement of feedback to extend time to COD from 4 to 6-7 years. The 6-7-year consideration is based on addressing the needs of development, including completion of relevant permitting processes and understanding of interconnection cost estimates for continued investment in the project and refinement of schedule. The current 4-year deadline becomes particularly insufficient when there are delays in the IA negotiation process, delays in the Transmission Owner's ability to construct interconnection facilities, and/or delays in obtaining equipment due to long lead times or events out of the developer's control (e.g. impacts of Covid-19 on supply chain). Extending the deadline to 7 years would better align the COD requirement with regulations under ORES, wherein a siting permit will automatically expire if the facility does not achieve commencement of commercial operation within 7 years

from the date of issuance. Therefore, ACE NY recommends that the current 4-year deadline be adjusted to a 7-year deadline to better align with ORES timeline.

Concerns of lingering speculative projects and stale cost estimates were raised. The suggestion to extend the time to COD should not be confused with a delay in funding or performing work on CTO AFs, SUFs, or SDUs. The projects would still expect to make the necessary security posting at the completion of the Class Year and pay invoices thereafter to fund relevant upgrade scopes. To balance the need to deter speculative projects sitting on POIs with the desire to avoid bumping projects that are quite far along, ACE NY proposes that a high-cost security deposit for extension be available to projects that have reached the point of having ordered major components. For projects that achieve COD within 10 years, the security deposits are fully refunded. For projects that do not reach COD within 10 years, they are forfeited and are used to defray the cost of the next Class Year Study.

Transition and Timing

ACE NY requests that NYISO dedicate time in the next presentation to discuss the transition mechanism and timing in greater detail. The method of transitioning to new procedures is just as crucial to the consideration of queue reform as the new procedures themselves.

ACE NY suggests that the cutoff for participation in the Transition Class Year Study be projects with an approved SRIS scope. To the extent that an additional condition is needed to minimize delays of moving to the Transition Class Year Study, that condition may consider the timeliness of resolving any data requests needed to complete a project's SRIS study. Projects that do not meet this criterion should have the ability to be reshuffled into the first Clustered Feasibility Study (Group A). In doing so, there would technically be a second Transition Class Year Study to address the remaining volume of currently queued projects. The first new queue cycle allowing new project submissions would then be Group C in parallel with the second Transition Class Year Study.

Network Upgrade Analysis and Criteria for Identification

ACE NY maintains that non-binding cost estimates should be provided in the Clustered Feasibility Study to inform decisions made at the completion of the study. At minimum, these estimates should be provided for the interconnection facilities needed to connect a given project including Connecting Transmission Owner Attachment Facilities and POI SUFs. We agree with NYISO's suggestion to include the Bus Flow analysis and short circuit/individual breaker analysis in the Clustered Feasibility Study. Additional analyses that would be beneficial to bring forward to the Clustered Feasibility Study are limited transfer analysis, particularly on external interfaces, and preliminary deliverability analysis as these could indicate substantial upgrades to be identified in the Class Year Study and/or require Affected Systems coordination with neighboring systems. By bringing these analyses forward in the process, there may be a greater ability to identify non-local SUF needs earlier as well, either in the Clustered Feasibility Study or in Stage 1 of the Class Year Study instead of Stage 2.

Infeasible POIs

Prioritization for POI feasibility in the Clustered Feasibility Studies is a substantial update during the June 29th TPAS meeting. NYISO's proposal indicates the assignment of priority between projects within a Group, as well as among Groups that would participate in the same Class Year

during instances where POI cannot accommodate all requesting projects by an SUF. The establishment of priority is suggested to be the time stamp associated with NYISO receiving a completed application. The priority as discussed only applies to the feasibility determination and at present is not intended to impact cost allocation in the Class Year.

Establishing a project priority via timestamp of submission for an already limited entry window could cause a large volume of simultaneous project submissions that could crash the system, even if projects are allowed to prepare submissions in a sandbox environment. ACE NY agrees Group A should have priority over Group B.

In addressing physical feasibility, NYISO provided an example of the analysis that would be performed by NYISO/TO in the Clustered Feasibility Study. This example assumes that a project submitted a diagram showing the generator lead entering the north side of the substation between breakers A and B. If during the feasibility review, NYISO identifies a wetland interrupting the project's ability to enter the substation, NYISO would change the diagram to have entry from the south, between breakers C and D.

In response to this second clarification of assessing feasibility, NYISO should study what the developer has presented in their application. If there are questions around physical feasibility, the risks should be stated in the report and options discussed with the developer. Only in the case that the developer cannot mitigate the risks should the project be deemed infeasible.

NYISO's description of how physical feasibility will be determined (via desktop review) may not be sufficiently accurate to confirm environmental feasibility. Desktop resources for flood plains, wetlands, etc, are not exhaustive and generally inaccurate. As such, a confirmation of site control constructability should be provided by the developer as a requirement for Class Year Entry to ensure physical feasibility.

ACE NY would like to request clarification on whether the review of physical feasibility is limited to a project's immediate POI or if the review extends to any local SUFs needed for interconnection (e.g., protection equipment at remote ends).

Proforma Construction

ACENY affirms its former comment that NYISO should adopt a standardized pro-forma agreement for an EPC. In addition, NYISO should standardize and organize their reports to integrate into the appendices of the Interconnection Agreement/EPC more easily.

Pre-Application Studies

Pre-application modeling is crucial to having sufficient accuracy to make queue decisions. In past comments, ACE NY has requested that the TOs provide the developers with substation single-line diagrams, equipment ratings, station layouts, hosting capacity maps and Large Generator Interconnection Procedures pre-apps.

ACE NY further requests that NYISO specifies in advance when base cases will be made available for consultant use and regularly updates information from TOs on the following:

- substation availability/expandability
- limiting equipment

- high-level cost tables to approximate regional equipment costs
- upgrade cost estimates
- planned upgrades in the region
- up-to-date capacity of the transmission elements
- any identified concerns on the POI as identified in previous studies should be made available.

TOs should provide insight on ability to interconnect at certain substations and appropriate guidance should be published with base cases and aux files to ensure studies performed align with NYISO methodology. NYISO should publish a list of approved consultants/those up to date on NYISO methodology to confirm.

Transparency

Transparency comes down to NYISO's portal implementation related to project status and information requests. NYISO's focus groups on improving the usefulness of the portal have been positive, and it seems the focus now needs to be on implementation of improvements. Current inquiries through the portal are receiving incomplete responses in the sense that the current status is provided without an estimate of when forward movement is expected.

TO Delays

TOs should accept high- level, one-line diagrams and refine them based on their knowledge of their own system, instead of sending the diagrams back for developer revision- at feasibility step, because this causes delays in the process.

A TO's accountability is crucial to the timeliness of the Clustered Feasibility Studies, and it stands to complicate NYISO's ability to complete 2 such studies in parallel to 1 Class Year. Delay of Group B presents a roadblock to Group A projects which are ready to proceed into the Class Year but must wait for the other group of projects. Dropping Group B from the process structure could reduce potential TO delays impacting the ability for projects to proceed to their Class Year. Consideration should also extend to timely negotiation of agreements.

Material Modifications

ACE NY maintains the position that developers should retain the ability to request modifications to their projects during the interconnection process. Modifications are expected when developing a renewable project by its nature of ever-evolving technology. NYISO should not limit the ability of projects to pursue such modifications which do not substantially impact the analysis performed in the study process.

Sincerely,

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