



March 25, 2022

Via Email (secretary@dps.ny.gov)

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Re: Case 20-E-0197; Comments on NYSEG Petition for Cost Recovery for Certain
Phase 1 Local Transmission Projects

Dear Secretary Phillips:

I am writing to submit these Comments from the Alliance for Clean Energy (“ACE NY”) on the *Petition of New York State Electric and Gas Corporation for Cost Recovery of Phase 1 Local Transmission Projects*, filed December 23, 2021, in the above-referenced proceeding, (“NYSEG Petition”). Roughly two months earlier, Niagara Mohawk Power Corporation D/B/A National Grid filed a similar petition seeking cost recovery of Phase 1 projects on its system. Both petitions were filed to meet the requirements set forth by the Commission in its February 11, 2021 order (*Order on Phase 1 Local Transmission and Distribution Project Proposals*) and May 14, 2021 order (*Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*). Both petitions demonstrate the need for quick action to satisfy CLCPA deadlines.

For the same reasons set forth in its comments supporting the need to proceed expeditiously with the projects identified in the National Grid Petition, ACE NY supports the NYSEG Petition for cost recovery because the identified transmission projects need to be completed in a timely fashion to unbundle renewable energy generation and facilitate further renewable development. Timely approval of these upgrades is important to renewable energy development and inter-related to the ability of renewable energy developers to effectively manage the NYISO’s interconnection process. Therefore, we respectfully request that the Commission approve the Phase 1 projects included in the NYSEG Petition, and act to accelerate them if needed. We also identify additional projects that the Commission should direct NYSEG to pursue.

In its *Order on Phase 1 Local Transmission and Distribution Project Proposals*, (the “Order”)

issued February 11, 2021, in the above-referenced proceeding, the New York Public Service Commission established that the Community Leadership and Climate Protection Act (“CLCPA”) and the Accelerated Renewable Energy Growth and Community Benefit Act “requires the Commission to reorient transmission planning and investment toward achievement of CLCPA targets.” (Order, page 2).

With an eye toward developing a comprehensive, coordinated grid planning process in the future, the Public Service Commission (“Commission”) specified that the Phase 1 project petition approach would only be needed in the short term. However, pending the development of the structure for Phase 2 projects to be advanced, which work is currently underway and expected to be defined before year-end for Commission approval, the Commission also established that the utilities should file these Phase 1 petitions to advance projects in cases where CLCPA deadlines must be met sooner than awaiting rate case cost recovery would allow. (Order, page 17). Similarly, the Order states that utilities “shall include any additional Phase 1 projects that support CLCPA goals in each respective utility’s next rate filing, unless the utility determines that funding is needed earlier,” (Order, page 20).

Accordingly, on December 23, 2021, the NYSEG Petition was filed. In its Petition, NYSEG establishes that nearly 25% of the new resources that have been projected to be added to the system will interconnect to the NYSEG system (NYSEG Petition, p. 12). The NYSEG Petition proposes a series of 23 Phase 1 projects, deemed to be immediately actionable, that have the benefit of both satisfying traditional reliability and asset condition purposes to serve their incumbent load and help achieve an enhanced renewable resources integration benefit.

1) ACE NY supports the NYSEG Petition for cost recovery because the identified transmission projects need to be completed in a timely fashion to unbundle renewable energy generation.

As noted in ACE NY’s prior comments in this proceeding and specifically addressed in our comments in the context of the National Grid petition regarding Phase 1 projects, we recognize the important responsibility that transmission owners have in determining the reliability, safety, and compliance related upgrades required within their service territories. While ACE NY generally supports approval of Phase 1 projects to support renewable energy development, we note that we take no position on the prudence of these specific investments from a reliability perspective. However, it is important to point out that there has been a clear consensus across stakeholders that Phase 1 projects are “no-regrets” transmission upgrades, as they have been identified by the utilities as required for reliability, safety, and compliance purposes but importantly will also assist with CLCPA goals. In fact, per NYSEG, its Phase 1 projects are a critical “first step” to the contemplation of its overall local transmission plan (“LTP”) (Petition, page 12).

As the Commission well knows, there have been several relevant and inter-dependent steps taken to support implementation of the CLCPA mandates that provide the context for the Commission’s consideration of the NYSEG’s Petition. For example, the Commission has specified in its *Order Adopting Modifications to the Clean Energy Standard*, issued October 15, 2020, in Case 15-E-0302 that it expects NYSERDA to complete Clean Energy Standard (“CES”) Tier

1 solicitations by 2026 sufficient to achieve the 70% by 2030 renewable electricity mandate. Importantly, the NYSERDA CES Tier 1 solicitation process now contains more refined provisions to ensure energy deliverability. At the same time, Transmission Owners have agreed to provide updates to its LTP to provide transparency to all stakeholders and to ensure the NYISO's planning studies incorporate the updated TO projects. Equally important, the New York Independent System Operator ("NYISO") has significantly overhauled its economic planning processes to provide important information about existing constraints, headroom available, and points of future concern. Its first System Outlook Study is expected to be released this summer and will substantially build on its 2019 CARIS 70x30 assessment by studying energy deliverability under base case, contract case, and policy case conditions. However, none of these steps will achieve intended outcomes if the development of the necessary transmission infrastructure lags.

2) Timely approval of these upgrades is important to renewable energy development and inter-related to the interconnection process.

There is an inextricable link between completion of the necessary transmission infrastructure and bringing renewable energy projects online in the timeframes required. Developers are in the process of executing Large Generator Interconnection Agreements (LGIA) that include schedules for project completion. Absent timely Commission action authorizing these Phase 1 projects and quickly moving to approve Phase 2 projects, however, delays will unnecessarily hamper renewable energy development and may well cause in-service dates to unnecessarily be extended. The Petition explains the steps the utilities must take to pursue their projects (Petition, page 4). If they are not able to do so, the repercussions for renewable energy development can include adverse impacts on equipment cycles, windows where certain construction activities can be completed to address environmental conditions, and financing opportunities. Furthermore, when combined with the additional scope required for the transmission owners to comply with the LGIAs, the renewable energy development sector is concerned that the transmission owners may fall behind on schedule, either with the Interconnection Agreement scope, or with the Phase 1 upgrade scope (and in some cases subsequent critical Phase 2 upgrades), and worst case, all of the above if delays on one track have "trickle down" impacts on subsequent projects.

ACE NY encourages NYSEG to commit to filing semi-annual reports detailing the status of funded Phase 1 transmission solutions, the estimated in-service date, the associated CLCPA benefits, the budgeted and actual costs of the projects to-date with an explanation of any variances exceeding ten percent, and an explanation of any changes to the schedule or project scope arising since the prior reporting period. As aforementioned, to avoid delays due to schedule slippage, which will also adversely affect renewable generation development, transparent information available to developers on a timely basis and careful monitoring of Phase 1 transmission upgrades by the Commission will be crucial. It will also become evident where projects should be accelerated (with any associated adjustment in funding) in addition to being authorized. Accelerating upgrades would be particularly pertinent in cases where the upgrades are projected to come online after the date that affected NYSERDA-contracted renewable generators have designated to the NYISO as their Commercial Operation Date. In addition to utilities filing these reports with the Commission, the Commission should direct the utilities to provide this information directly to the NYISO and keep them apprised of transmission

project development to ensure assumptions being used to form the various study cases in its comprehensive planning efforts all remain aligned with the scope and pace of system infrastructure development.

Upon approval, the utilities will fold these transmission projects into their LTPs. As the Commission considers the Coordinated Grid Planning Process and develops what appears to largely be a “bottoms up” approach, it is critical for this step to be fulsome. Once in LTPs, the NYISO will incorporate the information in their System Outlook Study planning. Developers will use this information to guide project development decisions. Also, NYSERDA will use these results to guide CES solicitation determinations, and the transmission owners will then use that information to determine future measures necessary to build out their systems effectively. This cycle, however, can only proceed efficiently if the necessary transmission upgrades are made in a timely manner.

3) These Phase 1 projects are important but not enough.

The Phase 1 upgrades proposed in NYSEG’s Petition are primarily related to reliability and do not adequately address severe constraints identified in NYSEG and NYISO studies for the Southern Tier Area of Concern. In the November 2020 Joint Utility Working Group Report, NYSEG identified an area of significant constraint and proposed Phase 1 Upgrades in the Hornell and South Perry areas. But these are omitted from the current Phase 1 filing. In a September 2021 PSC Order, the Commission directed NYSEG to address specific “Areas of Concern” including an area in the Southern Tier that required particular attention due to the level of constraints. In response to the direction in that September 2021 PSC Order, NYSEG indicated that the Phase 1 filing indicates that these Hornell and South Perry areas of high renewable interest will be designated as “Areas of Concern” to be addressed in a future petition, however, the filing delayed the timeline of those critical upgrades to a later date. Proposal and approval of these critical multi-value projects as soon as possible provides certainty to both projects with existing NYSERDA contracts and provides insight into the unbottling potential of future projects to help the state meet the 70 by 30 goal established in the CLCPA.

Although these upgrades are no longer listed in the Phase 1 petition and while some of these upgrades have been included as Phase 2 upgrades in the recent Areas of Concern filings, they are proposed with delayed in-service dates. For instance, reconductoring of Meyer to South Perry 115kv line was noted as a Phase 1 upgrade with a 2027 in-service-date. An upgrade of this line is now included as a Phase 2 upgrade by NYSEG with a 2029 in-service-date. NYSEG has not clearly indicated if the nature of the upgrade has considerably changed such that what was previously thought of as a Phase 1 upgrade had to be converted to a Phase 2 upgrade. At a minimum, NYSEG should clarify the rationale for removal of Phase 1 upgrades in the Southern Tier Area of Concern compared to prior presentations of the upgrades, given such changes could negatively impact the schedule of critical upgrades required for the area.

Phase 1 upgrades are presented as creating over 2,800 MW of headroom. Interconnection and development of renewable projects cannot be perfectly aligned to individual locations where headroom would be expanded by Phase 1 projects, and that headroom will only be available in fact when such upgrades are placed in service through 2029.

ACE NY recommends that all the projects previously identified by NYSEG as Phase 1 be re-instated for Commission approval, including:

- **Reconductor the line from Meyer to South Perry substations**
- **Rebuild and upgrade Stolle Rd substation**
- **Build new 230/115/34.5 kV station (Wagner Hill) in the vicinity of Bath substation, reroute existing transmission lines to connect to this new substation**

4) We respectfully request that the Commission approve the Phase 1 projects included in the NYSEG Petition, act to accelerate them if needed, and proceed expeditiously with critical Areas of Concern and Phase 2 considerations.

Since the issuance of the Order in February 2021, three of the utilities have filed Phase 1 petitions. The Commission has repeatedly demonstrated its commitment to support achievement of CLCPA mandates by pursuing necessary transmission upgrades to support renewable generation development. Timely Commission action continues to be needed -- not only to support the timelines dictated by the CLCPA mandates -- but also to send signals to investors that the State remains bullish on these efforts. Thus, it is critical for the Commission to timely authorize cost recovery for the proposed upgrades in the transmission owners' Phase 1 petitions to provide investors with confidence that the State will meet its mandates.

Relatedly, in addition to these three TO-specific Phase 1 petitions, National Grid, NYSEG and Central Hudson Gas & Electric Corporation recently filed a Phase 2 petition to address predefined Areas of Concern in accordance with the Commission's September 9, 2021 Order (*Order on Local Transmission and Distribution Planning Process and Phase 2 Project Proposals*). ACE NY will separately provide comments on that submission when the deadline is established by the Commission. Here, we wish to simply underscore the importance of proceeding with the Phase 1 projects expeditiously as the base in some respects for the Phase 2 Areas of Concern projects specifically and, even more importantly, the overall Phase 2 system-wide planning efforts.

As to the latter, the transmission owners ("TOs") proposed using a working group process to devise the Phase 2 coordinated grid planning process ("CGPP") efforts which would include, for example, ACE NY. ACE NY welcomes the opportunity to actively participate as the TOs work on the overall Phase 2 CGPP to be submitted to the Commission at the beginning of 2023 with a focus on ensuring that the Phase 2 process that is implemented will continuously track effectively with the NYSERDA REC solicitations and the NYISO System Outlook Study planning processes. For the CLCPA mandates to be met, transparent information concerning system headroom in key locations, emerging constraints and steps taken to address curtailment conditions must be updated and made available to all stakeholders. The Phase 2 CGPP should build from this information and the announced NYSERDA REC awards to identify any additional transmission projects that are required, clearly delineating their scope, nature, and timing. Phase 2 coordinated plan information should then be encapsulated in LTPs which should then be used to update the NYISO's Reliability Needs Assessment and System Outlook Study work.

To that end, ACE intends to monitor the NYISO System Outlook Study work and the interaction with updated TO Local Transmission Plans to ensure that updated, accurate and transparent information continues to be made available concerning energy deliverability and actual and potential bottlenecks that might lead to renewable-on-renewable curtailments.

For these reasons, ACE NY respectfully requests that the Commission approve without delay NYSEG's Petition for all the 23 Phase 1 upgrades and re-instate the previously included Phase 1 upgrades omitted from this filing. We also request that the Commission require NYSEG to commit to providing semi-annual reporting. We highlight the importance of the Phase 1 upgrades that are required to enable subsequent Phase 2 upgrades that need to be pursued in a timely fashion in generator pocket areas, especially the Z1 area of concern.

In their February 2021 Order, the Commission recognized that Phase 1 projects provide near-term opportunities to achieve significant CLCPA benefits. (Order, page 10). The Commission further noted that action on these projects was critical to the timely achievement of CLCPA targets. (Order, page 13). Based on the foregoing, the Commission should direct NYSEG to proceed expeditiously with project development by authorizing cost recovery for the proposed projects in its Petition. The Commission also should establish that the utilities must stand ready to accelerate projects should they fall behind schedule or if they are scheduled to come online after the date that affected NYSERDA contracted renewable generators have designated to the NYISO as their Commercial Operation Date.

Sincerely,

A handwritten signature in cursive script that reads "Anne Reynolds".

Anne Reynolds Executive Director
Alliance for Clean Energy New York, Inc.