UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Building for the Future Through Electric	**)**	
Regional Transmission Planning and Cost	**)**	**Docket No. RM21-17-000**
Allocation and Generator Interconnection	**)**	

COMMENTS OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.

Pursuant to the Notice of Proposed Rulemaking ("NOPR") in the above-captioned proceeding,[1] the New York Independent System Operator, Inc. ("NYISO") respectfully submits the below comments and requests that the Commission consider them in developing any final rule in this proceeding. In addition to these comments, the NYISO is a signatory to, and supports, the *Initial Comments of the ISO/RTO Council*, which were also submitted today.

I. BACKGROUND

On July 15, 2021, the Commission issued an Advance Notice of Proposed Rulemaking ("ANOPR") in the above-captioned proceeding requesting comments on a host of proposed reforms concerning electric regional transmission planning, cost allocation, and generator interconnection processes.[2] The NYISO submitted initial comments on October 12, 2021,[3] and reply comments on November 30, 2021.[4] In its comments, the NYISO urged the Commission to authorize transmission planners to use multiple scenarios of possible futures to conduct long-

[1] *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,028 (2022) ("NOPR"). The NOPR originally provided for initial comments to be due 75 days after its publication in the Federal Register. NOPR at P 460. On September 3, 2021, the Commission issued a Notice on Requests for Extension of Time extending the deadline to submit initial and reply comments to August 17, 2022, and September 19, 2022, respectively.

[2] *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Advanced Notice of Proposed Rulemaking, 176 FERC ¶ 61,024 (2021) ("ANOPR").

[3] Comments of the New York Independent System Operator, Inc., Docket No. RM21-17-000 (October 12, 2021) ("NYISO ANOPR Comments").

[4] Comments of the New York Independent System Operator, Inc., Docket No. RM21-17-000 (November 30, 2021) ("NYISO ANOPR Reply Comments").

term scenario planning for future transmission changes including changes in load and demand driven by state energy laws and regulations.

On April 21, 2022, the Commission issued the NOPR proposing reforms applicable to public utility transmission providers[5] in six key areas: (1) establishing Long-Term Regional Transmission Planning to use scenario planning over a longer-term horizon to identify and address transmission needs driven by changes in the resource mix and demand, (2) establishing cost allocation requirements applicable to Long-Term Regional Transmission Facilities, (3) prohibiting transmission planners from using the Construction Work In Progress incentive for Long-Term Regional Transmission Facilities, (4) modifying federal Right of First Refusal requirements, (5) enhancing transparency of local transmission planning inputs in the regional transmission planning process and identifying opportunities to right-size replacement transmission facilities; and (6) modifying interregional transmission coordination and cost allocation to account for Long-Term Regional Transmission Planning. The NOPR invited all interested persons to submit comments on the potential reforms and in response to specific questions.

II. EXECUTIVE SUMMARY

A. Introduction

The NYISO appreciates the opportunity to submit comments in response to the NOPR. The NYISO supports the Commission's proposal to authorize planning regions in coordination with their states to use actionable scenario planning to identify and address transmission needs arising over a 20-year time horizon that are driven by changes in the resource mix and demand.

[5] The requirements of the NOPR apply to the transmission planning functions of public utility transmission providers and, acting regionally, of planning regions. For ease of reference, the NYISO's comments refer to "transmission planners" and "planning regions" as appropriate.

The NOPR proposes a number of useful reforms concerning scenario-based, long-term transmission planning that, if carefully tailored to the specific circumstances and needs of the planning region, would provide critical new tools for the region to identify and address transmission needs in a holistic, efficient, and cost-effective manner. Notwithstanding this, the NOPR also proposes certain highly prescriptive requirements that do not account for the differences among the planning regions that have resulted in unique and varying transmission planning and interconnection approaches. These requirements could create needless administrative burdens on the planning region and impede its effective and timely performance of transmission planning. Any final rule should permit a planning region to develop a process whereby the public utility transmission provider has the discretion, but not the requirement, to identify any long-term transmission needs and to solicit and select solutions.

The NYISO requests that the Commission distill its proposed transmission planning reforms into higher-level planning principles in its final rule. The final rule should provide each planning region with the flexibility, in coordination with its applicable state entities and its stakeholders, to modify its existing transmission planning framework in line with such principles and in a manner that respects regional differences.

In particular, the final rule should authorize each planning region to establish a process to identify and address long-term transmission needs over a 20-year time horizon. However, the Commission should not mandate whether and when long-term transmission needs are identified and should not prescribe whether and when transmission solutions are selected to meet those needs. The final rule should also not require the planning region to identify, and select transmission solutions to address, all needs that could potentially be driven by federal, state, and local laws and regulations. Moreover, the final rule should not prescribe highly detailed

processes to address interconnection-related needs, to establish renewable energy zones, and to right-size transmission replacements. Consistent with the Commission's approach in Order Nos. 890 and 1000, the final rule should instead require each planning region to develop a process that satisfies the principles set forth in the final rule but not mandate particular outcomes in the process. This flexibility is necessary to enable each planning region to identify and address transmission needs based on specific regional circumstances and to ensure that transmission is identified where needed and not overbuilt.

B. Discussion

The NYISO is a single-state independent system operator that works in close concert with the New York Public Service Commission ("NYPSC") and other New York State entities in identifying and addressing transmission needs in New York and in allocating the costs of transmission solutions to such needs. The NYISO's existing Comprehensive System Planning Process ("CSPP") identifies and addresses transmission needs through separate, interrelated planning processes that use a sponsorship model—a Reliability Planning Process/Short-Term Reliability Process, an Economic Planning Process, and a Public Policy Transmission Planning Process. The NYISO also conducts interregional transmission planning with its neighboring regions in ISO-New England Inc. ("ISO-NE") and PJM Interconnection, L.L.C. ("PJM"). These planning processes were the result of substantial efforts and resources by the NYISO, New York State entities, and stakeholders over the course of several years to address the transmission planning requirements established in Order Nos. 890 and 1000 in light of the specific circumstances and needs in New York. Details concerning the NYISO's existing transmission planning processes are included in Appendix A.

As recognized by the Commission, the NYISO, working in close coordination with the NYPSC, has enjoyed significant success post Order No. 1000 in expanding transmission in New York through its Public Policy Transmission Planning Process.[6] The NYISO has conducted several competitive transmission processes to select the more efficient or cost effective transmission solution from among numerous solutions proposed by incumbent transmission owners and nonincumbent transmission developers to address transmission needs driven by Public Policy Requirements identified by the NYPSC. As detailed in Appendix A, the NYISO has conducted two Public Policy Transmission Planning Processes that resulted in: (i) the selection of a transmission project in Western New York that entered service this June and (ii) the selection of two transmission projects in the Mohawk Valley and the Hudson Valley that are currently under construction. These projects represent the largest addition of transmission in New York in over 30 years. In addition, the NYISO is currently assessing proposed transmission solutions to address a transmission need driven by a Public Policy Requirement to facilitate the transmission of offshore wind.

Notwithstanding this success, the NYISO has identified additional opportunities to address reliability and resiliency concerns in New York that it is not currently authorized to address under its existing tariff requirements. For example, the NYISO may only identify reliability needs based on a single base case, with alternative scenarios and sensitivities only permitted for informational purposes. In addition, the NYISO has identified economic opportunities to address transmission congestion, but its current tariff establishes hurdles that to

[6] In Commissioner Clements' concurrence to the Declaratory Order issued to the NYISO regarding rights of first refusal over upgrades to existing planning processes, she stated that "[w]hile this has not been the case in all regions, the success of NYISO's competitive solicitations for public policy projects has been a bright spot in the Order No. 1000 landscape." *New York Indep. Sys. Operator, Inc.*, 175 FERC ¶ 61,038 (2021) (Clements, Comm'r, concurring at P 3).

date have been too high to permit transmission solutions. These limitations impact the NYISO's ability to solicit for and select comprehensive and cost-effective regional transmission solutions to address transmission needs driven by changes in resource mix and demand and the related impacts on system reliability and resiliency.

The NYISO agrees that significant shifts in the resource mix and demand are expected over the next 20 years and, in fact, are already occurring in New York. Within New York, the New York Climate Leadership and Community Protection Act ("CLCPA") requires that 70 percent of energy consumed in New York be produced by renewable resources by 2030. By 2040 the electric system must be completely emissions free. New York must also incorporate 9,000 MW of offshore wind, 6,000 MW of solar generation, and 3,000 MW of storage. Beyond the requirement in the statute, the Governor of New York has increased the solar generation goal to 10,000 MW and the energy storage goal to 6,000 MW, and the offshore wind target is expected to rise as well. Moreover, numerous governmental agencies and private actors within New York are adopting, and taking steps to address, decarbonization and electrification goals. Further details concerning these state laws and initiatives are detailed in Appendix A.

These directives and actions are already resulting in significant changes to the New York power system, which necessarily affect how the system is planned and operated. A proactive, forward-looking regional transmission planning process that enables planning regions to use actionable scenario planning and to account for transmission needs arising over longer-time horizons will provide the NYISO, acting in close coordination with the NYPSC, with essential tools to plan and operate the New York State Transmission System in a reliable, efficient, and cost-effective manner to address these changes to the resource mix and demand. Efficient long-term scenario planning in anticipation of new resources will also pay dividends in streamlining

the interconnection process by creating effective points of interconnection and thus reducing barriers to entry. The identification of geographic zones that have the potential for the development of large amounts of new generation provides an approach for identifying and addressing on a more comprehensive, forward-looking basis transmission issues that impact new generators. Information on geographic zones could potentially be considered in connection with information from the NYISO's interconnection queue and other sources to identify new transmission facilities that would enable the direct interconnection of a large number of new projects.

The NOPR represents a good starting place for this proactive transmission planning. However, a number of the reforms proposed in the NOPR are overly prescriptive, address issues more applicable to multi-state regions, are better suited to those planning regions that use a bid-based planning approach, replicate processes already addressed in a region's processes, or otherwise propose detailed implementation requirements that could impede timely identifying and addressing transmission needs. The NYISO's existing transmission planning processes do not exist in a vacuum, but rather are intertwined with its specific market and planning rules, regional and state reliability requirements, state laws and regulations and planning requirements, and a particular resource mix and transmission topography. The NYISO's existing procedures cannot be abruptly changed without potentially creating adverse impacts in diverse areas. Accordingly, the final rule should establish higher-level principles that facilitate the use of scenario-based, long-term transmission planning and permit each planning region, in coordination with its applicable state entities and its stakeholders, to address such principles within its unique transmission planning framework.

The NYISO provides in Part III below comments concerning the individual reforms and requests for comment included in the NOPR.[7] Of particular note, and as detailed further in Part III below, the NYISO requests that the Commission in the final rule:

- Permit a planning region to develop a process where it has the discretion, but not the requirement, to identify any long-term transmission needs and solicit solutions;

- Permit each planning region to determine how to incorporate Long-Term Regional Transmission Planning requirements in its existing transmission planning framework, including permitting the planning region to maintain, revise, or repurpose existing elements of the region's reliability, economic, and/or public policy processes, to adopt a multi-driver approach, or to propose some combination of the above;

- Expressly authorize the planning region to use actionable scenario planning in: (1) its shorter-term public policy process to identify needs and evaluate solutions under a variety of system conditions, as is currently the case; and (2) in its reliability planning process to identify and address reliability needs being driven by changes in resources and demand, including extreme summer heat and winter cold and light-load conditions in spring and fall periods;

- Allow the planning region to determine to what extent and how the seven factors driving long-term transmission needs proposed in the NOPR should be applied;

- Clarify that the planning region need not assume across all scenarios the full achievement of all federal, state, and local laws and regulations that could drive the need for transmission;

- Confirm that the planning region is not required to identify all federal, state, and local laws and regulations that may drive the need for transmission over the twenty-year long term planning process study period; and permit the planning region to solicit, and rely on, the input of applicable state entities, policymakers, utilities, developers, and other interested parties to identify the federal, state, and local laws and regulations that are driving the need for transmission;

- Provide the planning region with flexibility concerning the mechanism for identifying geographic zones with the potential for the development of large amounts of new generation, including how the region assesses generation developers' commercial interest;

[7] The NYISO has not weighed in on every proposal in the NOPR. The NYISO respectfully submits that its lack of comment should not be construed as support for any proposal.

- Provide the planning region with flexibility concerning whether and how to identify any interconnection-related transmission needs and account for them in Long-Term Scenarios;

- Confirm that the planning region is not required to adopt the 12 illustrative benefits set forth in the NOPR;

- Permit, but not require, the planning region to use a portfolio approach to address solutions to long-term transmission needs;

- Confirm that the planning region is not required to change or replace its existing selection criteria for the more efficient or cost effective transmission solution and that the final rule does not require the planning region to rank or otherwise weigh the criteria in a certain manner;

- Confirm that the final rule does not change the planning region's existing cost allocation methodologies accepted by the Commission for its existing regional transmission planning processes;

- Establish clear requirements and guidance concerning the implementation of any conditional Right of First Refusal;

- Provide the planning region with flexibility concerning the implementation of additional transparency and stakeholder input opportunities for local transmission planning; and

- Permit the planning region to account for right-sizing of in-kind replacement transmission facilities as one of the factors that it considers in identifying transmission needs, rather than as a stand-alone process.

The NYISO respectfully requests that the Commission consider these comments as it considers a final rule in this proceeding.

III. COMMENTS

A. Long-Term Regional Transmission Planning

1. The Final Rule Should Establish High-Level Planning Principles but Should Not Establish Detailed Implementation Requirements and Should Not Prescribe When and How to Identify Long-Term Regional Transmission Needs or the Manner and Time for Selecting Transmission Solutions to Such Needs.

The NOPR proposes that a transmission planner conduct Long-Term Regional Transmission Planning to: (i) identify transmission needs driven by changes in the resource mix

and demand through the development of Long-Term Scenarios that satisfy the requirements set forth in this NOPR; (ii) evaluate the benefits of regional transmission facilities to meet these needs over a time horizon that covers, at a minimum, 20 years starting from the estimated in-service date of the transmission facilities; and (iii) establish transparent and not unduly discriminatory criteria to select transmission facilities in the regional transmission plan for purposes of cost allocation that more efficiently or cost-effectively address these transmission needs in collaboration with states and other stakeholders.[8]

The NYISO supports the final rule authorizing each planning region, in coordination with its applicable state entities, to use multiple scenarios over a longer-time horizon in its transmission planning process to identify transmission needs driven by changes in the resource mix and demand and to enable the evaluation and selection of the more efficient or cost effective transmission solution to address such needs. The NYISO agrees that conducting transmission planning over a longer-time horizon using multiple scenarios is necessary to ensure that that a region's transmission system develops in a reliable, efficient, and cost-effective manner to address reasonably anticipated transmission needs.[9] As detailed in Appendix A, the NYISO is already acting in close concert with the NYPSC, other New York State entities, Market Participants, and other interested parties to address the impacts to the electric system of changes

[8] NOPR at PP 68-69.

[9] As the NYISO noted in its comments to the ANOPR, "[t]he NYISO agrees that significant shifts are expected in both the demand and supply sides of the electric grid, and these changes will affect how the power system is planned and operated. On the supply side, not only the type of generation, and the location of the generation, but also the operating characteristic of the resources may change significantly due to the fuel switch from fossil to wind and solar. On the demand side, electrification across many sectors such as building heating and electric vehicles, and proliferation of behind-the-meter resources, may lead to different seasonal and daily load profiles. Furthermore, extreme weather brought by climate change may introduce further variables that are well outside of the normal operating and planning considerations." NYISO ANOPR Comments at 28 (internal citations omitted).

in the resource mix and demand driven by state climate change laws and policies, technological changes, and other factors.

The NOPR, however, proposes highly prescriptive requirements for a planning region's performance of Long-Term Regional Transmission Planning. These overly detailed requirements do not account for the widely different circumstances and transmission planning and interconnection approaches across planning regions. These requirements could create needless administrative burdens and impede the effective and timely performance of transmission planning.

The final rule should not mandate strict requirements concerning how long-term transmission planning must be conducted. Rather, the NYISO requests that the Commission distill its proposed Long-Term Regional Transmission Planning reforms into higher-level planning principles in the final rule and permit each planning region, in coordination with its applicable state entities and its stakeholders, to modify its existing transmission planning framework in line with such principles. In particular, the final rule should clarify that the planning region, in coordination with applicable state entities, will determine whether and how to identify long-term regional transmission needs and whether and how to select transmission solutions to such needs. This flexibility is necessary to enable each planning region to identify and address transmission needs based on specific regional circumstances, including considering the impact of state and local planning of non-transmission resources and infrastructure. Such consideration of regional circumstances will ensure that transmission is identified where it is needed but is not overbuilt.

The NYISO provides in this Part III.A detailed comments concerning the individual Long-Term Regional Transmission Planning reforms proposed in the NOPR for the Commission's consideration in developing planning principles for such long-term planning.

2. Any Final Rule Should Permit a Planning Region to Develop a Process Where the Public Utility Transmission Provider Has the Discretion, But Not the Requirement, to Identify any Long-Term Transmission Solutions and to Solicit and Select Solutions.

The NOPR provides for a transmission planner to enact the Long-Term Regional Transmission Planning reforms by supplementing or replacing its existing requirements for addressing needs driven by Public Policy Requirements.[10] The NOPR does not propose to modify a transmission planner's reliability and economic transmission planning procedures.[11] In addition, the NOPR permits, but does not require, a transmission planner to employ a multi-driver approach that satisfies the Long-Term Regional Transmission Planning and Order No. 1000 requirements.[12]

Each planning region's transmission planning process addresses reliability, economic, and public policy transmission drivers differently, whether through separate stand-alone processes or multi-driver processes. For example, in New York, the NYISO's CSPP is currently made up of separate, but interrelated, regional transmission planning processes to identify and address reliability, economic, and public policy transmission needs.[13]

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[10] NOPR at PP 72-74, 89.

[11] *Id.* PP 72-74, 89-90.

[12] *Id.* PP 70, 75.

[13] Each component of the NYISO's CSPP includes separate rules for identifying and addressing, as applicable, reliability, economic, or public policy transmission needs across different time horizons. Each planning component builds off the base cases and determinations in the other process components. The NYISO also conducts a biennial System & Resource Outlook that it performs as part of its Economic Planning Process to provide a comprehensive analysis of transmission congestion and energy deliverability, as well as to provide a comprehensive analysis of the New York State Transmission System across the reliability, economic, and public policy processes, the status of current solicitations and selected projects, and how those projects are progressing to meet the state's transmission needs.

The final rule should permit each planning region to determine, in coordination with relevant state entities and stakeholders, how best to incorporate the Long-Term Regional Transmission Planning requirements within that region's transmission planning framework, so long as the revised process complies with the final rule and Order No. 1000. Planning regions should not be limited to addressing the Long-Term Regional Transmission Planning requirements solely by replacing or supplementing their existing processes for addressing transmission needs driven by Public Policy Requirements. Instead, each planning region should have the flexibility to maintain, revise, or repurpose existing elements of the region's reliability, economic, and/or public policy processes, to adopt a multi-driver approach, or to propose some combination of the above.[14]

The NOPR would also require that, on compliance, the transmission planner must explain the interaction of the initial timing sequence for the Long-Term Regional Transmission Planning process and the existing regional transmission planning process.[15] The NYISO does not object to this requirement. As described above, the final rule should permit each region to develop, in coordination with state entities and its stakeholders, how the Long-Term Regional Transmission Planning requirements will be incorporated into its existing transmission planning process, including how the process elements will interact. Any final rule should permit a planning region to develop a process whereby the public utility transmission provider has the discretion, but not the requirement, to identify any Long-Term Transmission Needs and to solicit and select solutions.

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[14] For example, in New York, the System & Resource Outlook will provide a valuable tool to examine forward-looking transmission needs driven by current system congestion, and system congestion and energy deliverability driven by the need to deliver renewable resources from resource-rich areas of New York State to customers.

[15] NOPR at PP 253-254.

Finally, the NOPR requests comment on the Commission hosting periodic forums to share best practices in implementing Long-Term Regional Transmission Planning.[16] The NYISO does not object to the Commission holding such periodic forums or to otherwise sharing experiences and best practices.

3. The Final Rule Should Authorize Each Planning Region the Ability to Incorporate Scenario Planning in its Current Regional Transmission Planning Processes.

The NOPR requests comment on whether the transmission planner should be required to incorporate some form of scenario analysis into its reliability and economic planning processes.[17] The final rule should authorize, but not require, that each planning region incorporate actionable scenario planning in its existing reliability, economic, and public policy transmission planning processes to the extent that the processes do not already provide for such planning.

Given ongoing changes to the resource mix and demand and the length of time that it takes to construct new transmission facilities, the final rule should authorize planning regions to consider multiple alternative scenarios in their existing planning processes to identify shorter-term transmission needs. The final rule should also authorize planning regions to evaluate multiple alternative scenarios and expanded metrics for purposes of selecting the more efficient or cost effective transmission solution to address a shorter-term transmission need.

As detailed in the NYISO's ANOPR comments, there would be substantial benefits for the NYISO to perform actionable scenario planning in its reliability planning processes. The NYISO is required pursuant to the New York State Reliability Council's transmission planning rules to consider "[c]redible combinations of system conditions which stress the system shall be

[16] *Id.* P 255.
[17] *Id.* P 90.

modeled, including load forecast, internal *NYCA* and inter-Area and transfers, transmission configuration, active and reactive *resources*, generation availability, and other dispatch scenarios."[18] Based on this rule, the NYISO has already made changes to its Reliability Planning Process and Short-Term Reliability Process to take into account changes in resources in its base case for determining actionable needs. For example, the NYISO has modified the inclusion rules for its reliability planning processes to permit it to model generators as out-of-service prior to their formal notification of deactivation based on permit limitations or other legal restrictions.[19]

However, while the NYISO can take into account numerous base case inputs, the NYISO currently identifies reliability needs using a single base case based on specific tariff and manual-driven assumptions and criteria.[20] The NYISO may evaluate additional reliability scenarios for informational purposes, but these alternative scenarios are not currently used to identify additional reliability needs.[21] In addition, the metrics that the NYISO is permitted to use in the Reliability Planning Process do not take into account economic benefits or impacts on achievement of public policy goals (*e.g.*, emission reductions).

The use of actionable scenario planning and more expansive metrics in the shorter-term Reliability Planning Process would enhance the NYISO's ability to anticipate, and to solicit more efficient, holistic transmission solutions to address, expected future needs driven by changes in the resource mix and demand, which would support system reliability and resilience. This flexibility will enable the NYISO to better plan for a reliable system using credible, alternative scenarios concerning the substantial, ongoing changes in the resource mix and

[18] New York State Reliability Council Rule B.1 R.1.1.
[19] *See* NYISO Reliability Planning Process Manual (July 2022) Section 3.2.2.
[20] *See* NYISO OATT Section 31.2.2.3.
[21] *See id.* Section 31.2.2.6.

demand that are being driven by aging resources, new technologies, and state policies mandating a changeover in the New York generation fleet from fossil fuels to solar, wind, and storage resources. Accordingly, the final rule should authorize planning regions to identify reliability needs and select solutions under a variety of system conditions. For example, these conditions could include high loads during both extreme summer heat and winter cold, as well as light-load conditions in spring and fall periods.

Finally, actionable scenario planning would also enable the NYISO to plan for beyond contingency reliability challenges that may arise in the future due to, for example, extreme weather or climate change policies. These include, for example, the loss of all generation connected to a pipeline or other fuel sources, loss of an entire transmission line, and impacts from extreme weather events such as hurricanes and wildfires in a given area.

4. The Development and Use of Long-Term Scenarios

For purposes of Long-Term Regional Transmission Planning, the NOPR would require a transmission planner to develop and use Long-Term Scenarios to identify transmission needs driven by changes in the resource mix and to evaluate proposed solutions.[22] The NYISO supports the use of Long-Term Scenarios and provides comments in this Part III.A.4 concerning specific requirements proposed in the NOPR for the development and use of Long-Term Scenarios.

a. The NYISO Supports the Use of a 20-Year Planning Horizon for Purposes of Identifying Long-Term Transmission Needs.

The NOPR would require that the transmission planner use a transmission planning horizon of no less than 20 years into the future in developing Long-Term Scenarios.[23] Planning

[22] NOPR at PP 78, 84-91.
[23] *Id.* PP 97-100.

over a 20-year horizon necessarily entails more uncertainty and risk that the data and assumptions made will change through time. On the other hand, significant system changes are expected over the coming 20 years that should be considered in planning the transmission system. On balance, the NYISO supports requiring each planning region to conduct planning over a horizon of at least 20 years for purposes of identifying long-term transmission needs driven by changes to demand and the resource mix.

The NYISO already conducts long-term (20-30 year) modeling of benefits and costs in its Public Policy Transmission Planning Process.[24] In addition, the NYISO recently expanded the timeframe and metrics in the System & Resource Outlook developed in its Economic Planning Process to cover a 20-30 year timeframe.[25] As described in Appendix A, based upon state laws passed in 2019 and 2020, New York State is currently planning a future power system served by 70% renewable energy by 2030 and an emissions-free power grid by 2040.[26] Over the same time period, demand is expected to increase due to electrification of heating and other house needs, such as water heating. A 20-year time horizon for purposes of Long-Term Regional Transmission Planning will enable the NYISO to better capture and plan for the evolving changes in the resource mix and demand in New York.

[24] *See* NYISO OATT Section 31.4.6.1; NYISO Public Policy Transmission Planning Process Manual (June 2020) Section 4.1.

[25] *See* NYISO OATT Sections 31.3.1.3.1, 31.5.4.3.4.

[26] *See* Climate Leadership and Community Protection Act, 2019 Laws of N.Y., ch. 106; Accelerated Renewable Generation and Community Benefit Act, 2020 Laws of N.Y., ch. 58, Part JJJ; *see also* Appendix A to these comments for a more detailed discussion of these and other New York statutes and regulations.

b. The Final Rule Should Authorize the Planning Region to Extend the Three-Year Long-Term Planning Cycle If Needed to Allow for the Complete Consideration of Needs and Solutions Within a Given Planning Cycle.

The NOPR would require that the transmission planner reassess and revise the Long-Term Scenarios at least once every three years.[27] The NYISO believes that updating the Long-Term Scenarios at a minimum of every three years is a reasonable time period as a general rule for such updates. The NYISO requests that the final rule provide the following clarifications concerning the use of a three-year period for Long-Term Regional Transmission Planning.

First, the final rule should provide that if the planning region requires more than three years to complete a given planning cycle for its long-term transmission process, it may extend the three-year time period to complete the process. The planning region should also be permitted to commence the next planning cycle on a consistent timeframe, even if the prior planning cycle is still running in parallel to completion. This will ensure that long-term transmission planning is performed on a consistent, recurring timeframe using up to date information, while also permitting a planning region to complete an ongoing process to identify and address transmission needs.

For example, the NYISO's OATT establishes that the NYISO will perform the Public Policy Transmission Planning Process over a rolling two-year planning cycle.[28] For each planning cycle, the NYISO must solicit potential transmission needs; the NYPSC identifies any Public Policy Transmission Needs; the NYISO solicits proposed solutions to any identified transmission needs; and the NYISO evaluates and selects the more efficient or cost effective transmission solution to address those needs. These steps cannot always be completed within the

[27] NOPR at PP 97-100.
[28] NYISO OATT Section 31.4.1.

two-year period, and the NYISO may extend the ongoing planning cycle beyond two years if needed to complete the process.[29]

Second, the final rule should permit each planning region to use its existing Long-Term Scenarios established for a given planning cycle for the full duration of that cycle, even if it runs beyond three years. If the planning region were required to update Long-Term Scenarios during the planning cycle, it could impede the planning region's ability to complete the selection of transmission solutions in a timely manner. Modifications to input assumptions or system parameters in the Long-Term Scenarios could result in changes to the underlying transmission need and could require that new or updated transmission solutions be proposed. This could result in constantly stopping and re-starting a planning cycle or reassessing solutions within a given planning cycle. Instead, the final rule should authorize regions to complete a planning cycle for Long-Term Regional Transmission Planning without being required to modify the Long-Term Scenarios employed during the planning cycle. The planning region could then trigger or halt the development of selected transmission solutions to account for system changes identified in future planning cycles.

Finally, while planning regions should not be required to update their Long-Term Scenarios during a planning cycle, the final rule should provide that they have the authority to modify or add to their scenarios to account for system changes that would have a significant impact and should reasonably be addressed in their analysis. For example, this could include a major transmission system change that has been made in response to another need (*e.g.*, system reliability) or the entrance or exit of generation that is impactful to the analysis.

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[29] *Id.* In such circumstances, the NYISO is required to notify stakeholders of the extension and provide an estimated completion date and an explanation of the reasons the additional time is required. *Id.*

c. The Final Rule Should Not Prescribe Specific Factors that Must Be Used in the Long-Term Scenarios and Should Provide Flexibility Concerning How to Best Account for Such Factors in the Long-Term Scenarios.

The NOPR would require that a transmission planner incorporate, at a minimum, seven specific categories of factors that may affect transmission needs driven by changes in the resource mix and demand into their Long-Term Scenarios.[30] The NOPR also detailed how the transmission planner must account for these factors in the Long-Term Scenarios.[31]

The final rule should state that planning regions have the authority, in coordination with state entities and stakeholders, to identify and account for the particular factors in the region that may drive transmission needs that arise from changes in the resource mix and demand. The factors prescribed in the NOPR do not uniformly apply to the specific circumstances across all regions or apply in the same manner in each region. Each planning region should be permitted to identify what factors are driving changes in the resource mix and demand for its particular region and how to best account for such factors in Long-Term Scenarios.

i. The Final Rule Should Permit Each Planning Region to Determine How it Will Identify Federal, State, and Local Laws and Regulations and Should Not Require the Full Achievement of These Laws and Regulations in the Long-Term Scenarios.

The first two factors proposed in the NOPR are federal, state, and local laws and regulations: (1) that affect the future resource mix and demand and (2) that concern decarbonization and electrification.[32] The NOPR would require the transmission planner to assume that these obligations and plans will be met in full without discounting them.[33]

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[30] NOPR at PP 104-105.
[31] *Id.* PP 104-112.
[32] *Id.* PP 104-105.
[33] *Id.* PP 106-107.

The final rule should state that each planning region has the authority, in coordination with state and local entities and stakeholders, to determine how it will identify appliable laws and regulations and how to model the required achievement of the laws and regulations in the Long-Term Scenarios. The final rule should provide for the planning region to identify transmission needs that may be driven by federal, state, and local laws and regulations, but should not mandate that the Long-Term Scenarios assume the full achievement of these laws and regulations. In addition, the final rule should modify the requirements concerning the identification and use of applicable laws and regulations driving transmission needs considered in the Long-Term Scenarios as follows.

First, the scope of potentially applicable laws and regulations is potentially massive, encompassing all federal, state, and local laws and regulations that "affect" the future resource mix and demand and all such laws and regulations concerning decarbonization and electrification. The final rule should not establish a compliance obligation that the planning region is responsible for identifying every federal, state, and local law and regulation that could conceivably fit within the scope of this proposal. Transmission planners do not have the expertise or the resources to determine the full scope of and all potentially applicable federal, state, and local laws and regulations that may drive transmission needs in their region. This requirement would also create a significant risk of compliance violations and increase the likelihood of disputes concerning potentially applicable laws and regulations.[34]

The final rule should permit each planning region to establish a process to identify the federal, state, and local laws and regulations that may drive the need for transmission. The

[34] The NOPR defines state or federal laws or regulations but does not appear to define local laws and regulations. *Id.* P 104 & n.189.

NOPR already references the Order No. 1000 requirement that transmission planners have procedures in their OATT that give stakeholders a meaningful opportunity to submit proposed transmission needs driven by Public Policy Requirements.[35] For example, the NYISO's Public Policy Transmission Planning Process provides for the NYISO to solicit, and any stakeholder or interested party to submit to the NYISO, any proposed transmission need(s) that it believes are being driven by Public Policy Requirement(s) and for which transmission solutions should be requested and evaluated.[36] The NOPR indicates that transmission planners may be able to modify and expand their procedures to identify the factors for incorporation into Long-Term Scenarios.[37] The final rule should clarify that each planning region may establish in their tariffs and procedures a process similar to the existing process for identifying potential transmission needs driven by a Public Policy Requirements to identify the applicable laws and regulations that may drive the need for transmission to address changes in the resource mix and demand. The final rule should also provide that the planning region may rely on this process to satisfy its obligation to identify the applicable laws and regulations and does not have to independently identify such laws and regulations.[38]

Second, the requirement in the NOPR that Long-Term Scenarios assume that all laws and regulations must be met through the regional transmission plan could result in the overbuilding of transmission that the NOPR explicitly seeks to avoid. In New York, the CLCPA and the 2020 Accelerated Renewable Energy Generation and Community Benefit Act call for the NYPSC to

[35] *Id.* P 110.
[36] NYISO OATT Section 31.4.2.
[37] NOPR at P 110.
[38] If the Commission does not agree to these clarifications, it should make clear in the final rule that a planning region's obligation to identify all applicable laws and regulations is subject to a reasonable efforts or a comparable standard.

undertake a variety of initiatives to transition the power system to 70% renewable energy by 2030 and an emissions-free grid by 2040.[39] These initiatives include transmission needs and solutions that may be identified in the NYISO's transmission planning process but also include locally sited generation and distribution, demand response, energy efficiency programs, energy storage, resources located near load centers, and other non-transmission state and local initiatives. The final rule should permit each region to appropriately account, in coordination with state and local entities and stakeholders, for state, local, and private initiatives to determine the effect of the applicable laws and regulations on the need for transmission.

Third, the applicable federal, state, and local laws may be infeasible, contradictory, unclear, or outside the scope of bulk system transmission planning. The final rule should clarify that each planning region may work with state and local entities and its stakeholders in accounting for the impacts of the laws and regulations on the need for transmission. The final rule should explicitly state that the planning region is not required to make legal determinations concerning the applicability of contradictory or ambiguous legal requirements. Further, even if fully understood, the applicable laws and regulations may change, be interpreted differently, be funded at different levels than expected, or not be achieved in full. Accordingly, the final rule should authorize each planning region to realistically appraise the achievement of state and local law requirements. Such considerations would include engineering feasibility and available funding for projects to fulfill these mandates. Moreover, the final rule should authorize each planning region to conduct planning using multiple scenarios that account for these varying levels of achievement of local laws and regulations.

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[39] *See* Climate Leadership and Community Protection Act, 2019 Laws of N.Y., ch. 106; Accelerated Renewable Generation and Community Benefit Act, 2020 Laws of N.Y., ch. 58, Part JJJ.

ii. The Final Rule Should State that the Planning Region Has Authority to Plan Its Transmission System to Account for Resource Retirements Expected in the Long Term.

The NOPR would require that transmission planners use "resource retirements" as one of the factors in the Long-Term Scenarios.[40] The NOPR would provide the transmission planner with flexibility concerning how to incorporate this factor in Long-Term Scenarios.[41]

The final rule should confirm that each planning region has the authority and flexibility to account in the Long-Term Scenarios for likely resource retirements that have not been announced by the resource based on factors that include the facility's age, its emission profile, applicable laws and regulations, and other factors. As described above, the NYISO has modified the inclusion rules for its reliability planning processes to permit it to model generators as out of service prior to their formal notification of deactivation based on permit limitations or other legal restrictions.[42] For example, in New York, many steam turbine and combustion turbine generators are over 50 and 60 years old, remaining in service far longer than their expected useful lives. The final rule should specify that planning regions have authority to conduct scenarios that assume the deactivation of such generation based on their age and condition in Long-Term Scenarios looking out at a 20-year planning horizon. This authority will enable planning regions to plan their transmission systems to account for expected generator deactivations in the long term.

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[40] NOPR at P 106.
[41] *Id.* P 107.
[42] *See* NYISO Reliability Planning Process Manual (July 2022) Section 3.2.2.

d. The Final Rule Should Permit Planning Regions to Appropriately Account for the Factors Used in High Impact, Low Frequency Scenarios, Including Laws and Regulations.

The NOPR would require transmission planners to develop a plausible and diverse set of at least four Long-Term Scenarios.[43] Each scenario must be consistent across the first three factors concerning federal, state, and local laws and regulations and state integrated resource plans, but can vary concerning the other factors.[44] The NOPR requires that at least one scenario must account for high-impact, low-frequency events (*e.g.*, extreme weather events, cyber-attacks).[45]

The NYISO generally supports conducting multiple scenarios that account for baseline, high, and low conditions, as well as a scenario to consider extreme events for a total of at least four scenarios. Nevertheless, the final rule should clarify that, in performing a scenario for a high impact, low frequency event, each planning region has the authority to appropriately account for the factors included in the scenario, including the ability to realistically appraise the level of achievement of all federal, state, and local laws and regulations that drive transmission needs. As described in Part III.A.4.c above, if the NYISO has to plan the New York State Transmission System assuming the full achievement of all federal, state, and local laws and regulations as well as resiliency for a high impact, low frequency event (*e.g.*, a physical disaster that causes the loss of two entire transmission lines on common structures), there is a significant risk of overbuilding the transmission system.

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[43] NOPR at PP 121-126. "Plausible" means the scenarios must reasonably capture probable future outcomes, and diverse means that one can distinguish distinct transmission facilities or benefits of similar transmission facilities in each scenario. *Id.* P 123.

[44] *Id.* P 121.

[45] *Id.* P 124.

e. The Final Rule Should Not Mandate Specific Types or Numbers of Sensitivities but Should Permit Planning Regions to Use Sensitivities to Identify Transmission Needs and to Evaluate Transmission Solutions.

The NOPR noted that transmission planners can develop sensitivities for each Long-Tern Scenario and requested comments on whether transmission planners should be required to develop sensitivities for each Long-Term Scenario.[46] The NYISO agrees that planning regions should be permitted to use sensitivities with the Long-Term Scenarios. The final rule, however, should not mandate that each planning region must conduct specific sensitivities or must conduct a certain number of sensitivities for a particular number of scenarios. Rather, each planning region should have the flexibility, in coordination with state entities and stakeholders, to determine based on the particular conditions of its region whether and how many sensitivities to conduct in connection with the Long-Term Scenarios.

In addition, the final rule should not limit the use of sensitivities for only informational purposes. Rather, in line with the actionable scenario planning requirements set forth in the NOPR, the final rule should permit each planning region to use sensitivities as part of its Long-Term Scenarios in identifying transmission needs and in evaluating and selecting the more efficient or cost effective transmission solution to address such needs.

f. The Final Rule Should Authorize Planning Regions to Determine the Best Available Data for Conducting Their Regional Transmission Planning Processes.

The NOPR would require transmission planners to use the "best available data" in developing the Long-Term Scenarios.[47] The NOPR proposes to define such data as "data inputs that are timely and developed using diverse and expert perspectives, adopted via a process that

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[46] *Id.* PP 125-126.
[47] *Id.* PP 130-134.

satisfies the transparency planning principle . . . and that reflect the list of factors that public utility transmission providers must incorporate into Long-Term Scenarios."[48] The NOPR seeks comments on whether the Commission should identify or standardize the best available data inputs.[49] In addition, the NOPR seeks comment on whether the definition of best available data inputs should include an evaluation of data source entity's historical accuracy in identifying and projecting trends that impact the resource mix and demand.[50]

The NYISO supports the use of "best available data" in transmission planning and believes that it would already comply with such a requirement as described in the NOPR. The final rule should continue to allow each planning region to determine what are the best data sources and uses for inputs for its system modeling, for making determinations of transmission needs, and for evaluating and selecting transmission solutions to meet those needs.

For example, the NYISO establishes the base cases for its Reliability Planning Process and Short-Term Reliability Process using: (i) the transmission planning cases established for FERC Form 715, (ii) updates from its most recent annual Load & Capacity Data Report or ("Gold Book"),[51] and (iii) base case inclusion rules to determine resource removals and additions.[52] The NYISO compiles these planning assumptions and data by first gathering information from individual Market Participants through annual update processes carried out in

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[48] *Id.* P 131.
[49] *Id.* P 134.
[50] *Id.*
[51] The Gold Book contains short-term and long-term forecasts of current and future energy usage and summer and winter seasonal peak demands, including extreme weather, electric vehicles, other electrification, behind-the-meter solar photovoltaic resources and their impacts on load forecasts. *See, e.g.*, NYISO, *2022 Load & Capacity Data, Section I, Annual Energy & Peak Demand – Historical and Forecast, available at*https://www.nyiso.com/documents/20142/2226333/2022-Gold-Book-Final-Public.pdf/cd2fb218-fd1e-8428-7f19-df3e0cf4df3e?t=1651089370185.
[52] The NYISO includes all current generation resources, resource deactivations and resource additions, as well as existing and expected new transmission facilities, and provides a load and capacity schedule that demonstrates the balance of expected demand in comparison to expected resources for summer and winter capability periods. *See* NYISO Reliability Planning Process Manual (July 2022) Sections 3.1-3.2.

accordance with its tariffs and procedures. The NYISO then reviews the data and assumptions through an open and transparent stakeholder process. Each year, the NYISO reviews its draft Gold Book with all interested parties and accepts written comments and corrections before finalizing the data set. The NYISO also establishes power flow and other system modeling cases with stakeholder input. The base cases for the NYISO's Economic Planning Process, Public Policy Transmission Planning Process and interregional planning are all built on the most recent Reliability Planning Process base case,[53] as updated in an open and transparent process by applying base case inclusion rules and adding scenarios that test the transmission system needs under a variety of factors and scenarios.

As described in Part III.A.4.c above, the NYISO requests that the final rule provide clear authority to the planning region over the identification and application of the factors used in the Long-Term Scenarios. Consistent with that authority, the NYISO requests that the definition of best available data be revised to permit such flexibility concerning factors. Specifically, the language in paragraph 131 of the NOPR, specifying the data to be used, currently states that the date inputs must "reflect the list of factors that public utility transmission providers must incorporate into Long-Term Scenarios" should be modified to "reflect the factors that the public utility transmission provider considers in the scenarios." The word "considers" reflects the authority for planning regions to identify which factors should be used in Long-Term Scenarios.

Finally, the final rule should state that the planning region has authority over how to interpolate and employ its data sets. For example, based on its experience, the NYISO has learned that multi-year data sets can be used to eliminate the potential for modeling inaccuracies

[53] In addition, the New York State Reliability Council relies on the same data sets in conducting its annual Installed Reserve Margin determination, with the NYISO's assistance, which data and determination are also used by the NYISO to establish annual minimum installed capacity requirements for localities.

associated with using one year of data that may contain an outlier. For example, for generator availability, the NYISO relies on the average of five years of actual data to calculate generator availability values for its reliability planning models.[54] This approach averages out the impact of outages that may occur in one year but are not reflective of generator performance over a multi-year period.

g. The Final Rule Should Permit Planning Regions to Consider Geographic Zones as One of the Factors Used to Identify Transmission Needs and Should Provide Clear Authority and Flexibility to Planning Regions to Identify Zones and Assess Developers' Commercial Interest in Accordance with the Circumstances of their Regions.

The NOPR would require transmission planners to consider whether to: (1) identify, with stakeholder input, specific geographic zones within the transmission planning region that have the potential for the development of large amounts of new generation; (2) assess generation developers' commercial interest in developing generation within the identified geographic zones; and (3) incorporate designated zones, and the identified commercial interest in each zone, into Long-Term Scenarios.[55] The NOPR proposes that the transmission planner be required to consider seven factors to implement the identification of the geographic zones, including reviewing and confirming a number of developer agreements and financing arrangements.[56]

The NYISO supports the consideration of geographic zones that have the potential for the development of large amounts of new generation as one of the factors used in the identification of transmission needs driven by changes in resource mix and demand. The consideration of such

[54] *See generally*, NYISO Reliability Analysis Data Manual (July 2019) Section 2.3.2; NYISO Generating Availability Data System (GADS) Portal User's Guide (August 2021).

[55] NOPR at PP 145-153.

[56] *Id.* P 150.

zones would enable planning regions to plan on a forward-looking basis for the needs of generators in resource-rich zones.

The zones could accelerate the interconnection of such resources and provide a more holistic and cost-effective approach for facilitating the interconnection of generation resources as compared to piecemeal upgrades identified on a case-by-case basis in the interconnection process. Considering interconnection-driven transmission needs as part of long-term transmission planning could be part of an approach to expedite the interconnection process for groups of projects connecting at the same location. The identification of geographic zones that have the potential for the development of large amounts of new generation provides an approach for identifying and addressing on a more comprehensive, forward-looking basis transmission issues that impact new generators. Information on geographic zones could potentially be considered in connection with information from the NYISO's interconnection queue and other sources to identify new transmission facilities that would enable the direct interconnection of a large number of new projects.

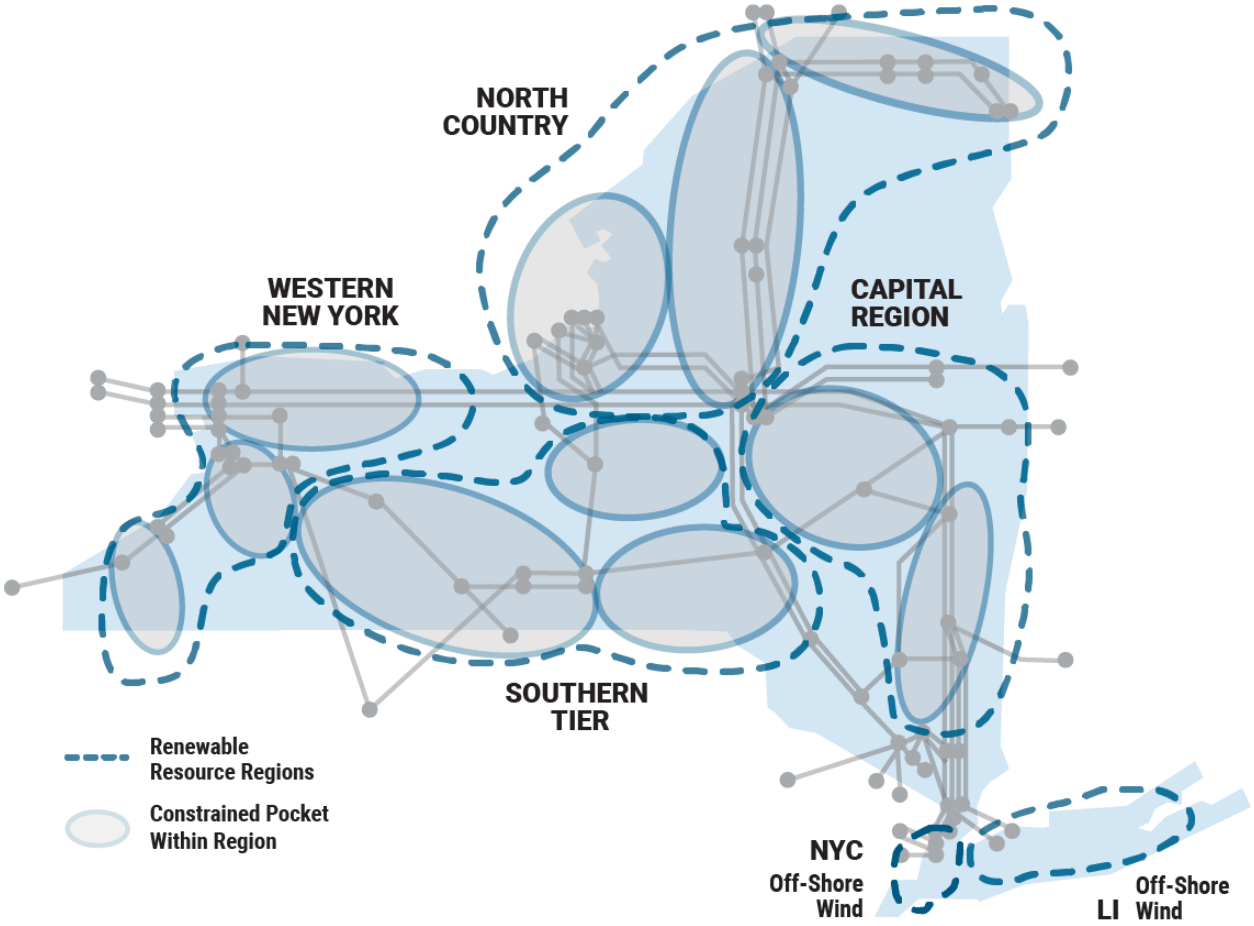
In New York, many areas best suited for renewable resource development are not located near sufficient transmission to deliver their output to load centers in the Hudson Valley, New York City, and Long Island. Many laws and initiatives in New York are already leading to generation pockets that are rich with renewable resource potential, but that are nevertheless subject to constraints caused by poor existing transmission infrastructure.

The NYISO's 2019 Economic Planning Process report provides key insights into the potential value of additional transmission capability across the New York Control Area

("NYCA").[57] For this report, the NYISO conducted a 70x30 scenario that examined the impacts of the CLCPA goal to transition the power system in New York to 70 percent renewable energy by 2030. In the report, the NYISO identified transmission-constrained "renewable generation pockets" (depicted in the Renewable Generation Pockets Map below), as well as the levels of curtailments of renewable generation that would occur within each pocket. These renewable generation pockets are regions in the state where renewable generation resources cannot be fully delivered to consumers statewide due to transmission constraints. These transmission-constrained pockets are projected to result in the curtailment of 11 percent of the annual total potential renewable energy production across the New York system. However, some pockets are much more constrained than others, with some experiencing as much as 63 percent of the potential renewable energy curtailed.[58]

[57] *See* NYISO, *2019 CARIS Report*, at 109-10 (July 2020), *available at* https://www.nyiso.com/documents/20142/2226108/2019-CARIS-Phase1-Report-Final.pdf/bcf0ab1a-eac2-0cc3-a2d6-6f374309e961.

[58] *Id.* 93.



Renewable Generation Pockets Map

While the NYISO supports additional planning to identify resource-rich zones that are ripe for additional transmission development, the proposed requirements for zone identification in the NOPR are overly prescriptive, would require the planning region to redirect significant resources from satisfying other transmission planning requirements, and could actually impede the timely completion of its transmission planning processes. Instead, the final rule should authorize each planning region, in coordination with applicable state entities and stakeholders, to determine how to identify geographic zones with the potential for the development of large amounts of new generation and to assess the commercial interest of developers in building resources in those zones.

The authority to identify zones should include permitting planning regions to use their existing planning resources to identify such zones. For example, the NYISO recently revised its Economic Planning Process to provide for the development of a biennial System & Resource Outlook that will enable the NYISO to analyze transmission congestion statewide from 100 kV and above and that will utilize an energy deliverability metric.[59] These new transmission planning tools will enable the NYISO to identify constrained renewable generation pockets where due to transmission constraints, renewable energy production is curtailed or is not deliverable to customers. The resulting statewide generation pocket maps, together with information in the NYISO's interconnection queue and awards of Renewable Energy Credits ("RECs") and offshore wind Renewable Energy Credits ("ORECs") by the New York State Energy Research and Development Authority ("NYSERDA"),[60] will enable the NYISO to define zones that are rich in renewable resource potential and investor interest, but poor in transmission assets able to deliver the output of those zones to end use customers. In New York, this approach would provide a better and less resource-intensive mechanism than the method prescribed in the proposed rule to determine geographic zones and developers' commercial interest in building resources in such zones.

[59] NYISO OATT Section 31.3.1.3.5; NYISO, Proposed Tariff Revisions Regarding Enhancements to Economic Planning Process, Docket No. ER21-1074-000 (Feb. 9, 2021); *New York Indep. Sys. Operator, Inc.*, 175 FERC ¶ 61,010 (2021).

[60] *See* New York State Energy Research and Development Authority, *Solicitations for Large-Scale Renewables, available at* https://www.nyserda.ny.gov/all-programs/clean-energy-standard/renewable-generators-and-developers/res-tier-one-eligibility/solicitations-for-long-term-contracts.

h. The Final Rule Should Provide Planning Regions with Flexibility to Determine How to Identify and Address Transmission to Facilitate the Interconnection of New Resources in a Holistic and Cost-Effective Manner

The NOPR would require transmission planners to evaluate for selection transmission facilities to address interconnection-related needs—specifically, network upgrade facilities (*i.e.*, 200 kV or greater and/or estimated cost of $30M) that have been previously identified to address interconnection-related needs in at least two interconnection queue cycles during the preceding five years that were not developed.[61] The NOPR proposes that such interconnection-related needs be incorporated in the development of Long-Term Scenarios as part of the "generator interconnection requests and withdrawals" factor identified in the NOPR.[62]

The NYISO agrees that identifying transmission facilities to facilitate the interconnection of new resources in a holistic and cost-effective manner is an important issue. However, the prescriptive and formulaic proposal in the NOPR to identify and address interconnection-related needs does not fit the NYISO's interconnection process and is not likely to identify meaningful upgrades in New York, as discussed in more detail below.

The NYISO has not experienced the issue of having substantially similar unbuilt System Upgrade Facilities and System Deliverability Upgrades identified on a recurring basis across its Class Year Studies. The NYISO, however, has experienced numerous piecemeal upgrades from the interconnection process leading to inefficient system design. A forward-looking, holistic transmission planning process would be a more effective approach to resolving this problem than the proposed approach in the NOPR that would instead be backward looking and therefore unable to identify and address current system needs.

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[61] NOPR at PP 166-174.
[62] *Id.* PP 104, 107, 167.

In its interconnection processes, the NYISO identifies the System Upgrade Facilities that are required for the developer to reliably interconnect its specific project in a manner that meets the NYISO's Minimum Interconnection Standard to ensure reliable access to the New York State Transmission System or Distribution System. As required by the NYISO OATT, the NYISO identifies System Upgrade Facilities as "[t]he least costly configuration of commercially available components of electrical equipment that can be used, consistent with Good Utility Practice and Applicable Reliability Requirements, to make the modifications to the existing transmission system that are required to maintain system reliability."[63]

That is, the one-off System Upgrade Facilities are tied to reliably interconnecting specific projects in the least-cost manner possible and are not designed or configured to address broader transmission needs or to provide transmission system benefits outside of reliably interconnecting the project. In addition, these upgrades are identified in and designed based upon a snapshot of the transmission system using base cases and study assumptions that evolve over time. Selecting transmission projects that were identified solely to address a stand-alone interconnection-related need may simply be placing a band-aid on a potentially underlying and more significant regional transmission need. Such a stand-alone approach could remove incentives for generators to site in areas of need as signaled by market outcomes, and could displace a more efficient or cost effective comprehensive regional transmission solution.

If the final rule requires the inclusion of interconnection-related needs in Long-Term Scenarios, each planning region must be permitted, in coordination with state entities and stakeholders, to develop criteria to identify which needs can be efficiently considered and

[63] NYISO OATT Section 25.1. Similarly, any System Deliverability Upgrades that the NYISO determines are required for a project to be deliverable must also use the least costly configuration of commercially available components of electrical equipment.

addressed in a long-term transmission planning process. For example, the NOPR is proposing a 200 kV voltage threshold as the Commission previously found that threshold just and reasonable for analogous California Independent System Operator ("CAISO") rules. However, what works for the CAISO is unlikely to address the objectives of the reform in other regions. In New York, the areas that require the most upgrades are located in New York City and Long Island, which rely on transmission at voltage levels below 200 kV.

Instead of establishing prescriptive requirements, the final rule should provide planning regions flexibility, in coordination with state entities and stakeholders, to adopt mechanisms to identify transmission needs related to new entrants that would be appropriate to address in their long-term transmission planning process. For example, as discussed in Part III.A.4.g above, the identification of geographic zones that have the potential for the development of large amounts of new generation provides an approach for identifying and addressing on a more comprehensive, forward-looking basis transmission needs that impact new generators. Such information on geographic zones identified in the NYISO's System & Resource Outlook could potentially be considered in connection with information from the NYISO's interconnection queue and state renewable energy credit awards to identify new transmission facilities that would facilitate the direct interconnection of a large number of new projects.

5. Evaluation of the Benefits of Regional Transmission Facilities

a. Each Planning Region Should Have Authority and Flexibility Concerning Which Benefits It Will Use to Evaluate Proposed Transmission Projects to Address Long-Term Transmission Needs and How Such Benefits Will Be Calculated in Accordance with Its Regional Needs and Circumstances.

If transmission planners identify a transmission need driven by changes in the resource mix and demand, the NOPR would require them to evaluate the benefits of proposed regional transmission facilities to meet identified transmission needs driven by changes in the resource

mix and demand.[64] The NOPR would require that the transmission planner identify which benefits it will use in Long-Term Regional Transmission Planning, explain how it will calculate those benefits, and explain how the benefits will reasonably reflect the benefits of regional transmission facilities to meet identified transmission needs driven by changes in the resource mix and demand.[65]

The NYISO supports the final rule authorizing each planning region to identify, and to describe how it will calculate, the benefits that it will assess when reviewing proposed transmission solutions for purposes of selecting the more efficient or cost effective transmission solution. The final rule should confirm that it is not requiring each planning region to apply all of the benefits in every situation or prescribe how those benefits must be calculated. Rather, the final rule should provide each planning region with the authority and flexibility to determine, in coordination with state entities and its stakeholders, which metrics to apply in that region, what benefits apply to a particular identified transmission need, and how the planning region will apply those metrics.

The NYISO supports openness and transparency concerning which benefits it uses in its transmission planning processes and how they are calculated. For its existing transmission planning processes, the NYISO identifies and provides details in its OATT and manuals concerning the qualitative and quantitative benefits of the proposed transmission projects that it assesses for purposes of selection in its regional transmission planning processes.[66] The NYISO already considers extensive economic planning benefits in the System & Resource Outlook for

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[64] NOPR at P 175.

[65] *Id.*

[66] *See* NYISO OATT Sections 31.2.6.5.1, 31.3.1.3.4, 31.3.1.3.5, 31.4.4.3.1; NYISO Reliability Planning Process Manual (June 2022) Section 6.1; NYISO Public Policy Transmission Planning Process Manual (June 2020) Section 6.1; NYISO Economic Planning Process Manual (October 2021) Section 2.3.

its Economic Planning Process, including transmission congestion, changes in LBMP, capacity savings, changes in Transmission Congestion Contract payments, changes in air emissions, and energy deliverability. The NYISO uses these benefits and others in evaluating the benefits of transmission projects in its Public Policy Transmission Planning Process, including additional metrics identified by the NYPSC in connection with the identified Public Policy Transmission Need.

The NYISO is also required to provide stakeholders and interested parties with the assumptions, data, metrics, and models used in its transmission planning processes.[67] The NYISO details how it applies these benefits to the proposed transmission projects in its reports for the transmission planning processes, including detailing why it selected or did not select proposed transmission projects.[68] The draft reports are provided to stakeholders for their review and comment prior to action by the NYISO Board, which comments are provided to the NYISO Board for its consideration.[69]

b. The Final Rule Should Confirm that Planning Regions Are Not Required to Adopt the Illustrative Long-Term Regional Transmission Benefits Included in the NOPR.

The NOPR does not propose to require that transmission planners use any specific benefits or calculate benefits in a particular manner.[70] Rather the NOPR acknowledges the benefits of regional flexibility concerning benefits.[71] The NOPR includes a list of 12 Long-Term

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[67] *See* NYISO OATT Sections 31.2.5.7, 31.2.7, 31.4.6.5.

[68] *See, e.g.*, NYISO, *Western New York Public Policy Transmission Planning Report* (Oct. 17, 2017), *available at* https://www.nyiso.com/documents/20142/2892590/Western-New-York-Public-Policy-Transmission-Planning-Report.pdf/d3f62964-2e2d-588c-2da4-9aa33bb5470b; NYISO, *AC Transmission Public Policy Transmission Plan* (Apr. 8, 2019), *available at* https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2.

[69] *See* NYISO OATT Sections 31.2.3, 31.2.7, 31.3.1.7, 31.3.1.8, 31.4.11.

[70] NOPR at P 186.

[71] *Id.* P 183.

Regional Transmission Benefits for consideration, but indicates that these benefits are examples and are not mandatory or exhaustive.[72] The NOPR seeks comment on whether transmission planners should be required to use some or all of the illustrative benefits as a minimum set of benefits for Long-Term Regional Transmission Planning [73]

The final rule should confirm that each planning region is not required to use the specific benefits described in the NOPR or to calculate them in the manner described in the NOPR. In addition, the final rule should not prescribe a minimum set of metrics that each planning region must use. While, in practice, the NYISO already uses most of the 12 illustrative benefits identified in the NOPR, the NYISO should be permitted to retain its flexibility to identify, with input from state entities and stakeholders, the benefits used in its processes and how such benefits are calculated.

In addition, the final rule should confirm that the list of benefits is not exhaustive and that each planning region may adopt different or additional benefits in its transmission planning process. For example, the proposed list does not include the benefits of emission reductions. Under the CLCPA, the NYISO is planning for carbon emission reductions resulting in 70 percent renewable energy on the power grid by 2030, and an emission-free grid by 2040. The benefit of avoided carbon dioxide emissions is a significant criterion that the NYISO takes into account in ranking and selecting transmission projects.

Finally, in Order No. 1000, the Commission did not require transmission planners to weigh the selection criteria in a particular way or to provide a mathematical formula for

[72] *Id.* PP 184-225.
[73] *Id.* P 188.

quantifying and summing the benefits of transmission projects.[74] The NYISO uses a variety of qualitative and quantitative criteria to rank and select transmission projects, and its Board considers the totality of this information in ranking and selecting the more efficient or cost effective solutions. The final rule should not disturb these requirements.

c. The NYISO Supports the Evaluation of Benefits of Proposed Transmission Facilities Over a 20-Year Time Horizon Starting from the Estimated In-Service Date of the Facilities.

The NOPR would require the transmission planner to evaluate the benefits of regional transmission facilities over a time horizon that covers, at a minimum, 20 years starting from the estimated in-service date of the transmission facilities.[75] In practice, the evaluation period equates to a study period of approximately 30 years because many transmission projects may take up to 10 years to complete. The NYISO supports this proposed reform. The NYISO already employs a 30-year study period in evaluating the benefits of transmission projects over a long-term period in its Public Policy Transmission Planning Process. For example, when addressing proposed transmission solutions to the AC Transmission Public Policy Transmission Needs in the Mohawk and Hudson Valleys, the NYISO evaluated the projects for a 20-year period from the proposals' own requested project in-service dates.[76]

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[74] *See New York Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,044, at P 245 (2014) ("NYISO's evaluation process gives stakeholders and interested parties the opportunity to review and comment on NYISO's evaluation of proposed transmission projects and NYISO's collaborative governance process provides that NYISO staff considers stakeholder input as it compiles all aspects of the required transmission plans. We find this open and transparent evaluation process ensures that stakeholders may monitor and participate in the process."); *see also id.* P 250 ("NYISO's evaluation criteria are sufficiently descriptive to provide prospective transmission developers with an understanding of how their proposals will be evaluated and are consistent with Order No. 1000. Order No. 1000 does not require a public utility transmission provider to specify in its OATT the relative weight of the factors considered in the evaluation process.").

[75] NOPR at PP 227-230.

[76] *See* NYISO, *AC Transmission Public Policy Transmission Plan* (Apr. 8, 2019), at 71, *available at* https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2.

d. The Final Rule Should Permit a Planning Region to Assess the Benefits of and Select a Portfolio of Transmission Solutions to Address Transmission Needs.

The NOPR proposes to provide transmission planners with flexibility to use a portfolio approach in the evaluation of benefits.[77] The NOPR asks whether there are circumstances in which the Commission should require the use of a portfolio approach.

The NYISO understands this reform to permit planning regions to assess the combined benefits of multiple transmission projects that address multiple regional transmission needs. The NYISO does not object to a final rule that permits planning regions to assess the benefits of and select a portfolio of transmission solutions to address multiple transmission needs across the region. However, the final rule should not require planning regions to undertake portfolio planning across multiple planning processes. For example, the NYISO conducts separate planning reliability, economic, and public policy processes on regular biennial cycles, but on separate time frames. Requiring the NYISO to conduct portfolio planning across reliability, economic, public policy, and now Long-Term Transmission Planning would be highly complex and likely would delay completion of planning processes to address identified needs.

In addition, the final rule should state that planning regions are not required to mix and match components of different developers' proposed transmission solutions to develop a portfolio to address a single transmission need. For example, the NYISO uses a sponsorship model for its transmission planning processes, and conducts separate planning processes for reliability, economic, and public policy planning. Developers propose transmission solutions that each must fully address a transmission need identified in one of those processes in order to be viable and sufficient and, therefore, eligible for evaluation and selection for inclusion in the

[77] NOPR at PP 233-235.

NYISO's regional transmission plan for purposes of cost allocation. Transmission planners should not be required to break down transmission proposals into different elements to review and create a portfolio of project elements to address a single transmission need. Requiring transmission planners to "mix and match" elements of different developers' projects to reconfigure new projects for evaluation and selection would significantly add to the complexity of, and inhibit the timely completion of, their transmission planning processes.

6. The Final Rule Should Confirm that Planning Regions Have Flexibility Concerning the Development of Selection Criteria for Transmission Projects Proposed to Address Long-Term Transmission Needs, Including in Coordinating with State Entities in Identifying Selection Criteria.

The NOPR would require that the transmission planner include in its OATT as part of Long-Term Regional Transmission Planning: (1) transparent and not unduly discriminatory criteria, which seek to maximize benefits to consumers over time without overbuilding transmission facilities, to identify and evaluate transmission facilities for potential selection in the regional transmission plan for purposes of cost allocation that address transmission needs driven by changes in the resource mix and demand; and (2) a process to coordinate with the relevant state entities in developing such criteria.[78]

The NYISO supports the authority proposed in the NOPR for the planning region to develop criteria for the selection of transmission facilities to address transmission needs driven by changes in the resource mix and demand.[79] As described in Part III.A.5 above, the NYISO already has extensive quantitative and qualitative selection criteria for its transmission planning processes that are detailed in the NYISO OATT and its manuals.

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[78] *Id.* PP 241-252.
[79] *Id.* P 241.

The final rule should allow planning regions to consider adding to their existing criteria but should not require changes to or the replacement of the existing selection criteria with a new set of minimum criteria. The final rule should also clarify that it does not require planning regions to rank or otherwise weigh the criteria in a certain manner for purposes of selecting the more efficient or cost effective transmission solution.

The final rule should also clarify what "overbuilding" transmission means. In particular, the final rule should provide additional guidance on how "overbuilding" is defined and how planning regions should address the risk of overbuilding in identifying needs and in selecting transmission solutions to address those needs. As described in Part III.A.4.c above, requiring that a planning region use all of the factors identified in the NOPR, including the full achievement of all federal, state, and local laws and regulations through new transmission, will increase the risk of overbuilding transmission.

The NYISO employs a host of factors in selecting the more efficient or cost effective transmission solution, including qualitative risks, such as risks to project completion. The final rule should treat the risk of overbuilding as an additional criterion that the planning region should consider as informed by open and transparent stakeholder review. In addition, the planning region could determine not to trigger or to halt a selected transmission solution if sufficient market based or non-transmission solutions are progressing to meet the need or there have been changes to the system since project selection.[80]

[80] *See, e.g.*, NYISO OATT Section 31.2.8.2 (setting forth the NYISO's processes for halting regulated backstop solutions that the NYISO has already triggered).

The final rule should also specify that the planning region continues to have the authority not to select transmission at all.[81] For example, in its existing Public Policy Transmission Planning Process, the NYISO Board hears from the independent Market Monitoring Unit on the impacts of selecting transmission on the competitiveness of the NYISO's markets. The Board has the authority not to select transmission if it determines that selection would harm the NYISO's competitive markets. The final rule should confirm that planning regions have the authority not to select transmission in response to a long-term transmission need based on impacts to competitive markets and for other reasons. For example, power system needs can be fulfilled by non-transmission alternatives, such as new resources, local distribution, or local transmission, as determined by states in their transmission planning regions.

The final rule should also provide each planning region with flexibility to adopt planning processes establishing how it will coordinate with the relevant state entities in developing selection criteria. For example, in the NYISO's Public Policy Transmission Planning Process, the NYPSC has the opportunity to identify evaluation criteria that the NYISO applies in assessing proposed transmission solutions to Public Policy Transmission Needs.[82] In addition, in the Public Policy Transmission Planning Process, the NYISO holds a technical conference with stakeholders that discusses the evaluation criteria prior to the NYISO's solicitation of proposed solutions.[83] The final rule should authorize planning regions to adopt similar processes in their Long-Term Regional Transmission Planning processes tailored to their regional needs.

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[81] *See, e.g.*, *New York Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,044, at P 125 (2014) ("[W]e find that the Filing Parties' proposal to allow the NYISO Board to elect to not select a transmission solution to satisfy a Public Policy Transmission Need is reasonable and is not inconsistent with the requirements of Order No. 1000.").

[82] *See* NYISO OATT Sections 31.4.2.1, 31.4.6.4.

[83] *See* NYISO OATT Section 31.4.4.3.1.

7. The Final Rule Should Permit Planning Regions to Consider Grid Enhancing Technologies in Assessing Proposed Transmission Solutions but Should Not Require Consideration of Dynamic Line Ratings at this Time.

The NOPR proposes to require that transmission planners consider dynamic line ratings and advanced power flow control devices in the near-term and long-term regional transmission planning processes.[84] The NYISO fully supports the consideration of grid enhancing technologies ("GETs"), including advanced power control devices, in planning for the needs of the transmission system. However, as described below, it is premature to require the incorporation of dynamic line ratings in transmission planning.

a. The Final Rule Should Permit Planning Regions to Consider Grid Enhancing Technologies.

The NYISO fully supports consideration of GETs in planning for the needs of the transmission system. The NYISO previously commented on the use of such technologies in the Commission's proceeding concerning GETs in its Docket No. AD19-19-000.[85] In that proceeding, the NYISO stated:

> Proposed GETs projects, like all proposed grid-level projects, are already eligible for consideration under all of the NYISO's long-term planning processes. The NYISO's planning processes are designed to encourage market-based solutions first and foremost, and to select a regulated transmission solution only when market-based solutions are insufficient to address a need. The NYISO's markets are designed to send price signals for economic investments, including investments in new GETs projects. Projects that expand the transmission capability of the system may also be eligible for incremental Transmission Congestion Contracts (TCCs), which could provide revenue for such projects consistent with their ability to reduce grid congestion. When necessary, the NYISO selects transmission projects consistent with the evaluation and selection and provisions of the NYISO's tariffs. Selected projects may obtain cost allocation and cost recovery through the NYISO's tariffs.[86]

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[84] NOPR at PP 272-277.

[85] *See Grid Enhancing Technologies*, Post-Technical Conference Comments of New York Indep. Sys. Operator, Inc., Docket No. AD19-19-000 (Feb. 14, 2020).

[86] *Id.* at 3 (internal citations omitted).

The NYISO supports the final rule permitting the planning region to consider advanced power control devices as part of its assessing proposed transmission projects to address long-term transmission needs. In New York, GETs are already eligible for inclusion in the interconnection process in identifying upgrades to mitigate reliability and deliverability issues. Moreover, the NYISO already considers and has selected transmission projects in its Public Policy Transmission Planning Process that include GETs.

As the NYISO previously described to the Commission:

> The distinguishing factor for the project selected to meet the Western New York need was its superior operability. The project proposed a phase angle regulator ("PAR") that uniquely provides the ability to control the power flow in western New York. Under the NYISO's tariff, when evaluating operability the ISO can consider how the proposed project may provide additional flexibility in operating the system, such as dispatch of generation, ability to remove transmission for maintenance, reducing the need to cycle generation, or providing more balance in the system to respond to system conditions that are more severe than design conditions. The directional and megawatt flow control of the PAR will help to maximize the output of hydropower from the Niagara facility.[87]

As a further example, in evaluating projects proposed for the Hudson Valley portion (Segment B) of the AC Transmission Public Policy Transmission Needs, the NYISO selected a transmission project that included series compensation on the new transmission line. That technology is estimated to add greater operational flexibility and increased transfer capability of the facility across the Upstate New York/Southeast New York interface.[88] In sum, the NYISO agrees that planning regions should consider GETs in evaluating proposed transmission solutions in their existing planning processes and in Long-Term Regional Transmission Planning.

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[87] *Id.* at 6; *see also* NYISO, *Western New York Public Policy Transmission Planning Report* (Oct. 17, 2017), *available at* https://www.nyiso.com/documents/20142/2892590/Western-New-York-Public-Policy-Transmission-Planning-Report.pdf/d3f62964-2e2d-588c-2da4-9aa33bb5470b.

[88] *Grid Enhancing Technologies*, Post-Technical Conference Comments of New York Indep. Sys. Operator, Inc., Docket No. AD19-19-000, at 6; *see also* NYISO, *AC Transmission Public Policy Transmission Plan* (Apr. 8, 2019), at 71, *available at* https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2.

b. The Final Rule Should Not Mandate the Incorporation of Dynamic Line Ratings in Transmission Planning.

The NOPR seeks comment on whether the Commission should establish requirements to conduct transmission planning considering dynamic line ratings.[89] The NYISO has dynamic line rating functionality in place today for New York Transmission Owners to adjust transmission line ratings in real time, when appropriate. The currently effective seasonal transmission line ratings, along with the existing dynamic line rating functionality and the forthcoming changes under the Commission's Order No. 881, support efficient markets, reliable system operation, and the flexibility needed for the NYISO and Transmission Owners to utilize the transmission system effectively and to respond to real-time system conditions.[90] It would be premature for the Commission to mandate incorporation of dynamic line ratings as part of long-term transmission planning. Rather, dynamic line ratings should continue to be addressed in the current proceeding at the Commission dedicated to dynamic line ratings issues. The NYISO is currently implementing in its tariffs and procedures the ambient adjusted ratings ("AAR") requirements established in Order No. 881. To the extent that dynamic line rating practices are established in the future, it would be appropriate to measure the performance of proposed transmission projects using such metrics at that time.

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[89] NOPR at P 277.

[90] The NYISO urges the Commission not to require further modifications to the approach to manage transmission line ratings at this time. *See* Notice of Inquiry, *Implementation of Dynamic Line Ratings*, Docket No. AD22-5-000 (Feb. 17, 2022) ("NOI"); *Managing Transmission Line Ratings*, Order No. 881, 87 Fed. Reg. 2,244 (Jan. 13, 2022), 177 FERC ¶ 61,179 (2021). The NYISO recommends that the Commission allow each Independent System Operator ("ISO") and Regional Transmission Organization ("RTO") to take the time necessary to review the issues raised in the NOI with its respective stakeholders after implementing the requirements of Order No. 881.

B. Cost Allocation for Long-Term Regional Transmission Planning

1. The NYISO Does Not Object to State Entities Playing a Role in Determining the Cost Allocation Methodology for Transmission Solutions to Long-Term Transmission Needs.

The NOPR proposes that transmission planners in each transmission planning region seek the agreement of relevant state entities within the transmission planning region regarding the cost allocation method or methods that will apply to transmission facilities selected in the regional transmission plan for purposes of cost allocation through Long-Term Regional Transmission Planning and revise their OATTs to include such method or methods.[91] Specifically, the NOPR would require the OATT to include: (i) an *ex ante* regional cost allocation method to allocate the costs of Long-Term Regional Transmission Facilities ("Long Term Regional Transmission Cost Allocation Method"), (ii) an *ex post* cost allocation process by which one or more relevant state entities may voluntarily agree to a cost allocation method ("State Agreement Process"), or (iii) a combination of these methods.[92] The NOPR requests comment on whether to use this approach or instead require that a Long-Term Regional Transmission Cost Allocation Method be included in the OATT.[93] The NOPR provides that a transmission planner may demonstrate that its existing cost allocation approach complies with the proposed reform.[94] The NOPR also provides

[91] NOPR at P 278. Relevant state entities are any state entities responsible for utility regulation or siting electric transmission facilities within the state or a portion of the state located in the transmission planning region, including any state entity as may be designated for that purpose by the law of the state. *Id.* PP 304-310.

[92] *Id.* PP 302-303. If the public utility transmission provider uses the *ex post* "State Agreement Process" for determining cost allocation, it would be required to detail the process, including a timeline, for reaching a determination on the cost allocation method. *Id.* PP 311-318. The NOPR also requires a public utility transmission provider to state a time period to negotiate a cost allocation method that is different from any *ex ante* cost allocation methodology that would otherwise apply. *Id.* P 279.

[93] *Id.* P 318.

[94] *Id.* P 134.

that the proposed cost allocation reforms would not apply to transmission facilities that address shorter-term transmission needs driven by reliability or economic considerations.[95]

The NYISO supports the final rule providing for states to play a role in determining the cost allocation methodology for transmission solutions selected by the planning region to address a transmission need identified through Long-Term Regional Transmission Planning. The NYISO also does not object to the final rule directing each planning region to adopt an *ex ante* cost allocation methodology in its OATT for transmission projects selected through Long-Term Regional Transmission Planning, which could be used in cases in which an alternative methodology is not identified in a process that involves the state.

As noted by the NOPR, the NYPSC already plays a role in determining the cost allocation methodology for transmission solutions selected in the NYISO's Public Policy Transmission Planning Process.[96] The NYISO's existing cost allocation rules for its Public Policy Transmission Planning Process are a combination of an *ex ante* default cost allocation methodology and an *ex post* process for consideration of alternative methodologies.

In particular, the NYISO OATT establishes a load ratio share methodology as a default *ex ante* methodology for transmission projects selected by the NYISO in its Public Policy Transmission Planning Process.[97] However, the cost allocation rules also establish process steps by which an alternative methodology may be used. The process provides the NYPSC with several opportunities to establish an alternative methodology before the default methodology is used. First, when identifying the transmission need driven by a Public Policy Requirement, the

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[95] *Id.*

[96] *See id.* P 300 & n.500 ("Under the NYISO's process, the New York Commission is provided a time period during which it may propose a cost allocation method or negotiate a cost allocation method before the Order. No. 1000-compliant *ex ante* regional cost allocation method is applied.").

[97] *See* NYISO OATT Section 31.5.5.4.

NYPSC may prescribe a particular cost allocation methodology for that need that will be filed at the Commission for its acceptance. Second, a Developer of the selected transmission project may separately submit a proposed, alternative cost allocation methodology to the NYPSC for its consideration. The OATT establishes a period of time for the NYPSC to review the methodology and, if it does not agree with the Developer, to attempt to find a mutual agreeable methodology with the Developer. The NYISO will apply the default load ratio share methodology if the Commission has not accepted an alternative methodology pursuant to the process steps set forth in the OATT.

2. The Final Rule Should Not Disturb the Cost Allocation Methodologies for the Existing Transmission Planning Processes.

The final rule should confirm that it is not disturbing planning regions' existing cost allocation methodologies approved by the Commission for existing shorter-term regional transmission processes. The final rule should further clarify that this includes not disturbing the existing cost allocation methodology for transmission needs driven by Public Policy Requirements if a planning region retains a separate, shorter-term public policy process. For example, if the NYISO elects to maintain a separate, shorter-term Public Policy Transmission Planning Process when complying with the Long-Term Regional Transmission Planning requirements, it should be permitted to maintain its existing cost allocation methodology for its existing Public Policy Transmission Planning Process.

Historically, obtaining agreement on the method of allocating transmission project costs to load serving entities has been one of the most significant barriers to transmission projects proceeding. In New York, the lack of agreement on cost allocation resulted in few transmission projects being approve between the 1980s and the 2010s. The NYISO's current cost allocation methodologies for its regional transmission planning processes were subject to extensive

discussions and negotiations among the NYISO, New York State entities, and stakeholders as part of the NYISO's and New York Transmission Owner's compliance with Order Nos. 890 and 1000.[98] The resulting cost allocation methodology process for the NYISO's Public Policy Transmission Planning Process has been successfully used by developers to allocate the costs of several new transmission projects in New York. In addition, the default load ratio share methodology established in the Public Policy Transmission Planning Process has provided guidance for the allocation of the costs for RECs, Zero-Emissions Credits, and certain other transmission projects in New York.[99] The Commission should enable the NYISO to build on this success in its regional transmission planning processes, rather than re-opening long-settled cost allocation determinations that are functioning well in New York.

3. The Final Rule Should Not Prescribe a Particular Cost Allocation Methodology for Long-Term Regional Transmission Planning or Mandate that All or a Particular Set of the 12 Illustrative Benefits Be Employed in the Cost Allocation Calculation.

The NOPR also requests comments on whether transmission planners are considering all of the benefits that could be provided by Long-Term Regional Transmission Facilities for purposes of allocating the costs, including whether the final rule should require consideration of the 12 illustrative benefits described in the NOPR.[100] The NOPR also proposes to require that transmission planners identify on compliance the benefits it will use in any *ex ante* cost allocation methodology associated with Long-Term Regional Transmission Planning, how they will calculate those benefits, and how the benefits will reasonably reflect the benefits of regional

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[98] *See* NYISO OATT Sections 31.5.3.1, 31.5.3.2, 31.5.4.1, 31.5.4.2, 31.5.5, 31.5.6.

[99] *See* NYPSC Case No. 15-E-0302 and Case No. 16-E-0270, *Order Adopting a Clean Energy Standard* (Aug. 1, 2016), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={44C5D5B8-14C3-4F32-8399-F5487D6D8FE8}; NYPSC Case No. 20-E-0497 and Case No. 18-E-0623, *Order on Petitions for Rehearing* (May 16, 2022), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={1112938F-51CE-4003-A0D1-0168A566EE83}.

[100] NOPR at PP 325-327.

transmission facilities to meet identified transmission needs driven by changes in the resource mix and demand.[101]

The final rule should not prescribe a particular cost allocation methodology for Long-Term Regional Transmission Planning or mandate that all or a particular set of the 12 illustrative benefits be employed in the calculation. Requiring the consideration of 12 categories of benefits as part of the cost allocation determination would make the calculation significantly more complex and would create an extremely burdensome and perhaps infeasible process. Rather, the final rule should provide each planning region with authority to establish, in coordination with relevant state entities and stakeholders, a cost allocation methodology for Long-Term Regional Transmission Planning that is roughly commensurate with the benefits of selected transmission projects.

The approach taken in Order No. 1000 authorizing planning regions to adopt cost allocation methodologies tailored to their regional needs should be adopted in the final rule. For example, the existing cost allocation methodology for the NYISO's Public Policy Transmission Planning Process provides both the NYPSC and Developers with the opportunity to propose alternative cost allocation methodologies on a case-by-case basis for Commission acceptance that address the unique benefits of particular transmission needs. Based on this flexibility, for the Western New York and AC Transmission Public Policy Transmission Needs in New York, the Commission accepted alternative methodologies proposed or agreed to by the NYPSC to allocate the costs of the projects built to relieve transmission congestion 75% to economic beneficiaries and 25% to all load serving entities based upon statewide load ratio share.[102]

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[101] *Id.*

[102] *See* NYISO OATT Section 31.8 (detailing the accepted cost allocation methodologies for selected Public Policy Transmission Projects); *see also New York Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,160 (2017)

The Commission has also recognized that transmission projects may have region-wide benefits that are difficult to calculate and that appear to inure to all ratepayers equally. For example, the Commission approved the default cost allocation methodology for the NYISO's Public Policy Transmission Planning Process that uses a statewide load ratio share based on the determination that changes to bulk power transmission facilities provide region wide benefits to all ratepayers in New York State.[103] In sum, the Commission should continue to encourage regions to determine, with the input of their states and stakeholders, cost allocation methodologies that are tailored to their regional needs.

C. Modification to Federal ROFR

The NOPR proposes to amend the Order No. 1000 requirements concerning federal rights of first refusal ("ROFR") to permit an incumbent transmission owner to exercise a federal ROFR for transmission facilities selected in a regional transmission plan for purposes of cost allocation if (1) the proposed facility is constructed within the incumbent transmission owner's service territory or footprint and (2) the incumbent transmission owner establishes joint ownership of the transmission facilities with an unaffiliated entity.[104] The NOPR does not propose to require a

(accepting the cost allocation methodology for the AC Public Policy Transmission Needs); *NextEra Energy Transmission New York, Inc.*, 164 FERC ¶ 61,117 (2018) (accepting settlement agreement that included cost allocation methodology for Western New York Public Policy Transmission Need).

[103] *See New York Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,044 at P 331 (2014) ("The Filing Parties have demonstrated the reasonableness of using a load ratio share method in the context of NYISO's specific circumstances. NYISO is a single-state transmission organization that evolved from a tightly integrated grid that has been centrally administered since the formation of the New York Power Pool in 1969. As the Filing Parties point out, NYISO has been shaped by coordinated statewide policy initiatives even prior to the formation of the New York Power Pool, and New York State is currently pursuing public policy transmission requirements that may lead to changes to the bulk power grid on a unified statewide basis."). The NYPSC recently determined that costs of transmission to be built to fulfill the Long Island Offshore Wind Export Public Policy Transmission Need in New York should be allocated based on a load ratio share methodology because transmission built to address climate change needs benefit all New Yorkers equally. *See* NYPSC Case No. 20-E-0497 and Case No. 18-E-0623, *Order on Petitions for Rehearing* (May 16, 2022), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={3BB325B6-904B-45F6-A608-0890E98F1D9B}.

[104] NOPR at PP 358, 365-382.

specific process for exercising the conditional ROFR.[105] The NOPR contemplates that for regions using a sponsorship model, an incumbent transmission owner would exercise the conditional ROFR prior to the solicitation for solutions to a transmission need, and the transmission planner will assess and confirm that the transmission owner had satisfied its obligations to exercise the ROFR rights.[106] Thereafter, transmission planners could proceed with the evaluation of jointly owned transmission proposals without the need to consider it through a competitive solicitation process. The NOPR requested comments on the administration and implementation challenges associated with the conditional ROFR.[107]

The NYISO does not take a position concerning whether the Commission should modify the federal ROFR rights in the manner proposed in the NOPR. However, if the final rule includes the conditional ROFR, it should provide planning regions with clear requirements, definitions, and guidance concerning the scope of the conditional ROFR and provide the planning region with flexibility concerning how to implement these requirements. The NYISO's transmission planning processes use a sponsorship model in which the NYISO does not predetermine a transmission solution that is put out to bid. Instead, it obligates incumbent transmission owners and nonincumbent transmission developers to develop and propose creative, cost-competitive solutions to address identified regional transmission needs. If the Commission adopts the conditional ROFR, the final rule should address the following implementation challenges for a planning region using the sponsorship model.

First, the final rule should account for the manner and timeframe in which transmission projects are identified in a planning region using the sponsorship model. The NOPR provides for

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[105] *Id.* PP 355-357.
[106] *Id.* PP 367-371.
[107] *Id.* P 379.

an incumbent transmission owner to exercise the conditional ROFR prior to the planning region soliciting for solutions to a transmission need. The NOPR refers to an incumbent transmission owner exercising its right "for a particular transmission facility or set of transmission facilities within its retail distribution service territory or footprint that is selected in a regional transmission plan for purposes of cost allocation."[108]

This approach may present challenges for planning regions that use a sponsorship model. Under the sponsorship model, there is no predetermined transmission project that can be cleanly designated to a specific service territory or footprint of an incumbent transmission owner. For example, the NYISO's transmission planning processes identify the transmission need, which need may permit reasonable solutions both within a single transmission owner's service territory or across multiple transmission owners' service territories. The Commission should consider the potential for complications, disputes, and delays in the transmission planning processes due to the addition of procedural steps to identify the incumbent transmission owner(s) that are eligible to exercise a conditional ROFR and to identify transmission projects that fit the requirements of the conditional ROFR in planning regions using the sponsorship model.

Second, the NOPR does not appear to address a situation that could arise in a sponsorship model region in which two or more incumbent transmission owners could separately propose jointly owned regional transmission projects to be located in their separate service territories that could fully address the same transmission need. One potential unintended result of the conditional ROFR process in a sponsorship model region, therefore, is that the planning region may still have to conduct a form of competitive process between two or more jointly owned transmission facilities if more than one incumbent transmission owner has a claim to the

[108] *Id.* P 357.

conditional ROFR. The Commission should consider this result if it adopts the conditional ROFR and clarify in the final rule how planning regions, without adding significant time and steps to the process, could address conflicts between two jointly owned transmission projects that potentially have an equal claim to exercising a conditional ROFR.

Third, the final rule should clarify whether one or more unaffiliated transmission owners could exercise the conditional ROFR to propose a transmission project located in adjoining service territories if the identified regional transmission need warrants solutions that can reasonably cross their service territories or footprints. That is, the final rule should clarify whether the transmission owner in one service territory may exercise the conditional ROFR for a cross-territory project if it jointly teams up with the neighboring transmission owner acting as either another incumbent transmission owner or as a nonincumbent transmission developer.

Fourth, for sponsorship model regions, the final rule should confirm that each planning region may still confirm that any transmission solution proposed pursuant to a conditional ROFR is a viable and sufficient solution. The final rule should also confirm the Commission's existing precedent that a planning region is not obligated to select a transmission project in its planning process for purposes of cost allocation and recovery,[109] including the project proposed by the incumbent transmission owner and unaffiliate entity. The planning region should continue to be able to rely on its independent judgment and the input of its independent market monitoring unit concerning the impacts of proposed transmission projects on competitive markets, in determining whether to select a transmission project, particularly in instances in which there is no competitive pressure on the project proposal.

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[109] *See, e.g.*, *New York Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,044, at P 125 (2014) ("[W]e find that the Filing Parties' proposal to allow the NYISO Board to elect to not select a transmission solution to satisfy a Public Policy Transmission Need is reasonable and is not inconsistent with the requirements of Order No. 1000.").

Lastly, if the final rule requires planning regions to determine the propriety of joint-ownership agreements to qualify for the conditional ROFR, the final rule should establish explicit, clear requirements (*e.g.*, standardized rules and agreements). This approach will ensure that planning regions can implement the conditional ROFR requirements without creating administratively burdensome rules, will minimize uncertainty, and will avoid disputes concerning the exercise of the conditional ROFR that may considerably delay the process.

D. Local Transmission Planning Requirements

The NOPR proposes to enhance the transparency requirements for local transmission planning conducted by transmission owners by establishing specific stakeholder meeting and posting requirements.[110] The NOPR would require a series of three meetings separated by no fewer than 25 days to enable stakeholder review of local transmission planning elements, including: (1) the criteria, assumptions, and models used in the process, (2) the needs identified, and (3) the solutions identified. Stakeholders must be provided the opportunity to submit written comments before and after each meeting, before local transmission plans are finalized.

The NYISO supports openness and transparency in local transmission system planning. The proposed structure and enhanced transparency are consistent with the additional process and participation opportunities that are under development in New York State's Comprehensive Grid Planning Process, building on the NYISO's local transmission system planning process. The NYISO's bulk power system planning process already provides stakeholders and interested parties with opportunities for input on assumptions and modeling, for the identification of needs, and concerning the assessment and selection of transmission solutions. All meeting materials are posted in advance and all interested parties may make oral or submit written comments. If the

[110] NOPR at PP 400-415.

Commission adopts these or other local transmission planning reforms, it should afford planning regions flexibility, in coordination with state entities and stakeholders, regarding the implementation of additional transparency and stakeholder input opportunities.

E. Right-Sizing Replacement Transmission Facilities

The NOPR proposes to establish a process by which a transmission planner evaluates whether transmission facilities operating at or above 230 kV that the owning entity anticipates replacing in kind with a new transmission facility during the next 10 years can be "right sized" to more efficiently or cost-effectively address transmission needs identified in Long-Term Regional Transmission Planning (*e.g.*, redesigning a single circuit line as a double circuit line or incorporating advanced technologies).[111]

The NYISO agrees that transmission planning should consider replacement of aging infrastructure. In New York, 80 percent of transmission lines are at least over 50 years old and are in the process of being replaced or will need replacement. As utilities already have to replace existing transmission lines that reach the end of their useful lives, it makes sense to consider whether a more robust facility would address a transmission need identified in existing transmission planning processes. Moreover, there is precedent for considering the impacts of transmission replacements in existing transmission planning processes. In its Public Policy Transmission Planning Process, the NYISO already takes into consideration the benefit of avoiding transmission refurbishment costs for aging infrastructure.[112] In addition, the current

[111] *Id.* PP 403-409.

[112] *See* NYISO OATT Sections 31.4.8.1, 31.4.8.2; NYISO, *AC Transmission Public Policy Transmission Plan* (Apr. 8, 2019), at 110, *available at* https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2.

NYISO OATT allows Transmission Owners to offer right-sizing transmission replacements as regulated backstop solutions or alternative regulated solutions.[113]

The final rule should not, however, direct planning regions to create a separate planning process solely to address right-sizing of replacement transmission facilities. The process prescribed in the NOPR is too limiting and too complex to produce meaningful transmission plans to meet regional needs for all transmission planning regions.

First, the voltage threshold for transmission facility replacements of 230 kV and above is too limiting. The final rule should provide each planning region with flexibility concerning this threshold to address the unique circumstances of the region, including establishing a lower voltage threshold. Although most New York State Bulk Power Transmission Facilities ("BPTFs") operate at or above 230 kV, certain 115 kV and 138 kV function at or in parallel to the BPTFs. In addition, the 115 kV systems in upstate New York and the 138 kV systems in downstate New York feed resources interconnected at those levels to the BPTFs. While the NYISO addresses needs arising on the BPTFs in its transmission planning processes, transmission solutions proposed to address these needs have included or consisted of transmission proposals at the 115 kV and 138 kV level. Accordingly, the final rule should clarify that each planning region can determine the appropriate threshold specific to the circumstances of its region.

Second, the proposed process requiring planning regions to consider modifications to planned transmission replacements would entail redesigning the Transmission Owners' systems for them.[114] This approach is not consistent with a sponsorship-based planning model in which

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[113] *See* NYISO OATT Sections 31.2.4.3, 31.2.4.4.
[114] NOPR at P 405.

the planning region solicits and the developers and transmission owners design solutions for consideration for selection in the regional transmission plan. The proposed treatment of a ROFR for transmission replacements and the allocation of cost of only the incremental costs of right-sizing the transmission facilities create additional, complex new requirements that could bog down transmission proposals in disputes over the ROFR and cost allocation.[115]

Instead, the final rule should permit the planning region, with input from state entities and stakeholders, to integrate planning for right-sizing transmission replacements into existing planning processes. In particular, the final rule should permit the planning region to consider transmission facilities that it anticipates will be replaced in kind as one of the factors that it accounts for in identifying transmission needs in its short-term or long-term transmission planning processes. In addition, the final rule should permit planning regions to allow developers to propose to "right size" transmission replacements as part of proposed transmission solutions to address transmission needs identified in its short-term or long-term transmission planning processes.

If the final rule prescribes a separate process for planning regions to "right size" replacement transmission, the final rule should require transmission owners to provide planning regions with an asset condition assessment and their replacement plans and schedules. This information is necessary if the planning region is required to assess whether planned asset replacements could be "right sized" to meet a transmission need.

F. Interregional Transmission Coordination and Cost Allocation

The NOPR does not propose changes to the existing interregional transmission coordination and cost allocation rules, but would require that transmission planners revise their

[115] *Id.* PP 409-413.

existing interregional rules adopted in compliance with Order No. 1000 to account for the proposed Long-Term Regional Transmission Planning reforms in the NOPR.[116]

The NYISO does not object to amending the existing interregional transmission coordination requirements in its tariffs to account for the Long-Term Regional Transmission Planning requirements.[117] The NYISO participates in interregional planning and may consider Interregional Transmission Projects in its regional planning processes. In particular, in compliance with Order No. 1000, the NYISO amended its existing interregional requirements with ISO-NE and PJM—the *Amended and Restated Northeastern ISO/RTO Coordinated System Planning Protocol*.[118] The protocol provides for coordination of interconnection studies for facilities that are built in or affect more than one of the ISO/RTOs. Moreover, the protocol provides for stakeholder input into the identification of transmission needs that span more than one region.[119] To the extent revisions to the protocol were required to account for Long-Term Regional Transmission Planning, the NYISO would coordinate with its neighboring regions to make such modifications.

By requiring similar processes across regions to plan for transmission needs over at least a 20-year study period, the NOPR increases the likelihood the regions will identify opportunities for interregional transmission projects that could serve those long-term needs more efficiently or

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[116] *Id.* PP 426-429.

[117] *See* NYISO OATT Section 31.4.3 ("The ISO will request proposed Public Policy Transmission Projects, including Interregional Transmission Projects, to satisfy each Public Policy Transmission Need identified pursuant to [NYISO OATT] Sections 31.4.2.1 through 31.4.2.3. An Interregional Transmission Project shall be: (i) evaluated in accordance with the applicable requirements of the Public Policy Transmission Planning Process of . . . [NYISO OATT] Attachment Y, and (ii) jointly evaluated by the ISO and the relevant adjacent transmission planning region(s) in accordance with Section 7.3 of the Interregional Planning Protocol. The ISO shall also accept specific proposed Other Public Policy Projects to satisfy a Public Policy Transmission Need identified pursuant to [NYISO OATT] Sections 31.4.2.1 through 31.4.2.3.").

[118] *Amended and Restated Northeastern ISO/RTO Planning Coordination Protocol*, *available at* https://www.nyiso.com/documents/20142/1406358/Northeast_Planning_Protocol_FINAL_SIGNED_VERSION.pdf.

[119] *Id.*

cost-effectively than regional solutions. For example, in 2021, several parties identified the potential need for interregional transmission spanning multiple ISOs to create an offshore meshed transmission system. The NYISO, along with ISO-NE and PJM, are collaborating with a U.S. Department of Energy study on the potential need for a meshed offshore transmission grid.

In addition, the NYISO's OATT provides that transmission that is physically located in more than one transmission region is eligible for consideration for inclusion in its regional transmission plan to satisfy a reliability need, short-term reliability need, economic transmission proposal for approval by load serving entities, and a public policy transmission project.[120] The NYISO does not object to providing in its OATT for the eligibility of an Interregional Transmission Project for consideration in Long-Term Regional Transmission Planning.

G. Compliance Timeframe

The NOPR proposes that each transmission planner be required to submit a compliance filing within eight months of the effective date of any final rule in the proceeding.[121] The Commission should scale the amount of time provided for an initial compliance filing by the scope of tariff amendments required by a final rule.

If the Commission provides more high-level, flexible proposals in the final rule, less time and fewer iterations of compliance filings may be needed. For example, in response to Order No. 1000, the NYISO made six compliance filings commencing in October 2012 (with an additional 2 compliance filings concerning the interregional requirements). The Commission granted final acceptance of the NYISO's Order No. 1000-compliant planning processes nearly

[120] *See* NYISO OATT Sections 31.2.4.2, 31.3.2.1, 31.4.3, 31.4.11.
[121] NOPR at P 430.

six years later in June 2018. A more prescriptive process directing highly specific and detailed process changes could delay the implementation timeline for long-term transmission planning for expected changes in resources and demand.

IV. COMMUNICATIONS AND CORRESPONDENCE

All communications and service in this proceeding should be directed to:

Robert E. Fernandez, Executive Vice President & General Counsel
Karen Georgenson Gach, Deputy General Counsel
Raymond Stalter, Director, Regulatory Affairs
*Carl F. Patka, Assistant General Counsel
Sara B. Keegan, Senior Attorney
*Brian R. Hodgdon, Senior Attorney
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
cpatka@nyiso.com
bhodgdon@nyiso.com

*Ted J. Murphy
Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue, NW
Washington, D.C. 20037
Tel: (202) 955-1500
Fax: (202) 778-2201
tmurphy@huntonak.com

*Michael J. Messonnier Jr.
C. Dixon Wallace III
Hunton Andrews Kurth LLP
951 East Byrd Street
Richmond, VA 23219
Tel: (804) 788-8200
Fax: (804) 344-7999
mmessonnier@huntonak.com

*Designated to receive service.

V. CONCLUSION

WHEREFORE, for the foregoing reasons, the NYISO respectfully requests that the Commission consider these comments when considering further action with regards to its NOPR.

Respectfully submitted,

/s/ Carl F. Patka
Carl F. Patka
Counsel for the
New York Independent System Operator, Inc.

cc: Janel Burdick
Matthew Christiansen
Robert Fares
Jignasa Gadani
Jette Gebhart
Leanne Khammal
Jaime Knepper
Kurt Longo
David Morenoff
Douglas Roe
Eric Vandenberg
Gary Will
Adria Woods

APPENDIX A

DESCRIPTION OF NYISO'S EXISTING TRANSMISSION PLANNING PROCESSES AND RECENT NEW YORK LAWS AND REGULATIONS CONCERNING TRANSMISSION PLANNING

In this Appendix the NYISO describes: (i) its existing transmission planning processes, (ii) its assessment and selection of transmission projects in its Public Policy Transmission Planning Process to address transmission needs driven by Public Policy Requirements ("Public Policy Transmission Needs") in New York, and (iii) recent New York state laws and regulations that impact the NYISO's transmission planning.[1]

I. Comprehensive System Planning Process

The NYISO's Comprehensive System Planning Process ("CSPP") establishes its rules for soliciting, evaluating, and selecting the more efficient or cost-effective transmission solution to address reliability, economic, and public policy driven transmission needs in New York for inclusion in the NYISO's regional transmission plan for purposes of cost allocation under the NYISO OATT.[2] The NYISO's CSPP consists of the Local Transmission Owner Planning Process, the Reliability Planning Process/Short-Term Reliability Process, the Economic Planning

[1] Capitalized terms not otherwise defined in this Appendix or the NYISO's comments in this proceeding shall have the meaning specified in Attachments Y and FF to the NYISO OATT, and if not defined therein, in the NYISO Open Access Transmission Tariff ("OATT") and NYISO Market Administration and Control Area Services Tariff.

[2] The CSPP originally took form with the NYISO's Reliability Planning Process, first approved by the Commission in 2004, and, thereafter, went through several revisions primarily in response to the Commission's Order No. 890 (adding local transmission and economic planning) and Order No. 1000 (adding public policy planning, interregional planning, and a competitive selection process to reliability planning). *See New York Independent System Operator, Inc.,* Order on Compliance, 143 FERC ¶ 61,059 (2013); *New York Independent System Operator, Inc.*, Order on Rehearing and Compliance, 148 FERC ¶ 61,044 (2014); *New York Independent System Operator, Inc.*, Order on Rehearing and Compliance, 151 FERC ¶ 61,040 (2015); *New York Independent System Operator, Inc.*, Order Conditionally Accepting Tariff Revisions and Requiring Further Compliance, 153 FERC ¶ 61,341 (2015); *New York Independent System Operator, Inc.*, Order Conditionally Accepting Tariff Revisions and Requiring Further Compliance, 162 FERC ¶ 61,107 (2018); *New York Independent System Operator, Inc.*, Order Granting, in Part, and Denying, in Part, Rehearing and Clarification, and Requiring Further Compliance, 162 FERC ¶ 61,124 (2018); *New York Independent System Operator, Inc.*, Letter Order, Docket Nos. ER13-102-012, 013, and 014 (Jun. 5, 2018); *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER13-102-015 (Aug. 21, 2018).

Process, and the Public Policy Transmission Planning Process.[3] The NYISO's planning processes are unique to New York and differ significantly from those of other Independent System Operators ("ISOs") and Regional Transmission Organizations ("RTOs").

The NYISO conducts its transmission planning processes over rolling two-year planning cycles using a common set of assumptions, data, and findings to align its need and selection determinations. The Local Transmission Owner Planning Process kicks off the CSPP and feeds into the NYISO's establishment of baseline planning base cases, load forecasts, and data banks. These sources, together with continuous data updates from market participants and the NYISO's annual Load and Capacity Data Report ("Gold Book"), feed into the NYISO's short-term and long-term reliability planning processes. The NYISO builds its economic and public policy planning models on the reliability base cases and incorporates actual or generic solutions that represent the foundation of a reliable system. As the planning cycle progresses, the NYISO updates the studies in its economic and public policy planning processes with additional local transmission and reliability planning inputs to ensure that the assumptions and the inputs remain up to date. By incorporating and updating the inputs and assumptions from each planning process into the next set of planning studies, the NYISO identifies the full set of New York's bulk power system needs and plans comprehensively to address such needs.

a. Local Transmission Owner Planning Process

The purpose of the Local Transmission Owner Planning Process ("LTPP") is for the Transmission Owners ("TOs") to present, and obtain stakeholder input on, their plans to address the needs of their transmission systems in each of their local Transmission Districts.[4] At least once in every biennial planning cycle, each TO posts on its website the planning criteria,

[3] These processes are detailed primarily in the NYISO OATT Attachments Y and FF.

[4] *See* NYISO OATT Section 31.2.1.

assumptions, and analytical tools it uses, and reviews its proposed Local Transmission Owner Plan with stakeholders at a working group meeting as part of the NYISO's planning process.[5] In developing its Local Transmission Owner Plan, each TO must also consider whether there is a transmission need on its system that is being driven by a Public Policy Requirement. The TOs consider inputs from interested parties and then finalize their local plans. The local transmission plans feed directly into the NYISO's assumptions, data, and models used for regional transmission planning. The LTPP also provides the opportunity for the NYISO and stakeholders to identify potential regional solutions that may be more efficient or cost-effective than individual TO plans proposed to meet identified local needs. The process also integrates these local plans into the NYISO's reliability, economic, and public policy planning processes. Projects undertaken by each TO for its local system needs are not eligible for regional cost allocation and cost recovery through the NYISO's tariffs.[6]

b. Reliability Planning Process/Short-Term Reliability Process

The purpose of the Reliability Planning Process ("RPP") is to plan the transmission system for the long-term reliability of the New York bulk power system.[7] The RPP addresses reliability needs identified in years 4 through 10 of a 10-year study period, while the Short-Term Reliability Process ("STRP") primarily focuses on reliability needs that arise in the first three years. Under the biennial RPP, the NYISO assesses the reliability of the New York State Bulk Power Transmission Facilities ("BPTFs"), identifies any Reliability Needs, solicits solutions to identified needs, evaluates the proposed solutions for their viability and sufficiency to satisfy the identified needs, and, if necessary, selects the more efficient or cost-effective transmission

[5] The NYISO requests annual updates to the TOs' local transmission plans.

[6] *See* NYISO OATT Section 6.10.1.2.

[7] *See id.* Sections 31.2.2-31.2.13.

solution to the identified need(s). The RPP consists of the following studies that are reviewed by NYISO stakeholders and approved by the NYISO Board of Directors:

The **Reliability Needs Assessment ("RNA")**: The NYISO performs the biennial RNA study to evaluate the resource and transmission adequacy and transmission system security of the BPTFs over the Study Period, which encompasses years 4 through 10 following the year in which the RNA is conducted. Through this evaluation, the NYISO identifies Reliability Needs in accordance with applicable Reliability Criteria.[8]

The **Comprehensive Reliability Plan ("CRP")**: After the RNA is complete, the NYISO requests the submission of market-based solutions to satisfy the Reliability Needs. The NYISO also identifies a Responsible Transmission Owner and requests that the identified Transmission Owner submit a regulated backstop solution and that any interested entities submit alternative regulated solutions to address the identified Reliability Needs. The NYISO evaluates the viability and sufficiency of the proposed solutions to satisfy the identified Reliability Needs and evaluates and selects the more efficient or cost-effective transmission solution to the identified need. The NYISO considers a series of metrics in selecting the more efficient or cost-effective transmission solution, including project cost, operability, expandability, and performance, but does not consider the economic benefits to the transmission system of transmission projects proposed to address the Reliability Need. If market-based solutions do not materialize to meet a Reliability Need in a timely manner, the NYISO triggers regulated solution(s) to satisfy the need. The NYISO develops a CRP report for the Study Period that sets forth its findings regarding the

[8] *See id.* Section 31.2.2.

proposed solutions to the identified Reliability Need.[9] Transmission solutions included in the CRP are eligible for cost allocation and cost recovery through the NYISO's tariffs.[10]

Short-Term Reliability Process ("STRP"): The NYISO also conducts a quarterly STRP, which was added in 2019 to enhance its biennial Reliability Planning Process. The NYISO conducts quarterly Short-Term Assessment of Reliability ("STAR") studies focusing on reliability needs that could arise in the next three years, with the ability to address needs arising up to five years in the future if necessary.[11] The STAR assesses the reliability impacts of Generator deactivations on both BPTFs and non-BPTF (local) transmission facilities, in coordination with the Responsible Transmission Owner(s). The STAR also assesses the reliability impacts on the BPTFs of system changes that are not related to a Generator deactivation, such as load forecast and transmission system changes.

The STRP concludes if a STAR does not identify a Reliability Need or if the NYISO determines that all identified needs will be addressed in the biennial RPP. Should a STAR identify a need to be addressed in the STRP, the NYISO would request the submission of market-based solutions to satisfy the need, along with a Responsible Transmission Owner regulated solution, and may also solicit alternative regulated transmission solutions. The NYISO evaluates the viability and sufficiency of the proposed solutions to satisfy the identified needs and selects the more efficient or cost-effective solution to address the need. As a last resort, the NYISO can enter into a Reliability Must Run ("RMR") agreement with a Generator until a long-term solution can be completed. The NYISO reviews with stakeholders the results of its assessment of the solution or combination of solutions (including an explanation regarding the

[9] *See id.* Section 31.2.7.

[10] *See id*. Section 31.2.6.5.2 and Section 6.10 (Rate Schedule 10).

[11] *See id.* Section 38 (Attachment FF).

solution that is selected) and posts a STRP Report detailing its determination. Selected transmission projects and Generator RMR agreements are eligible for cost allocation and recovery through the NYISO tariffs.[12]

c. Economic Planning Process

The purpose of the Economic Planning Process is to identify economic opportunities to relieve congestion on the transmission system and improve the deliverability of resources to consumers. The NYISO conducts a system-wide study to identify system bottlenecks and provides this input to the Transmission Owners and Developers to consider potential economic transmission projects for approval for cost allocation and cost recovery through the NYISO's tariffs. The Economic Planning Process consists of three study processes:

The **System & Resource Outlook ("The Outlook")**: The Outlook is a biennial report by which the NYISO summarizes the current assessments, evaluations, and plans in the biennial CSPP; produces a 20-year projection of congestion on the New York State Transmission System; identifies, ranks, and groups congested elements; and assesses the potential benefits of addressing the identified congestion. This report is reviewed by NYISO stakeholders and approved by the NYISO Board of Directors.[13]

Economic Transmission Project Evaluation: If a Developer proposes a Regulated Economic Transmission Project to address constraints on the BPTFs identified in the Economic Planning Process, the NYISO will perform an Economic Transmission Project Evaluation ("ETPE") of the proposed Regulated Economic Transmission Project to determine the project's initial eligibility for cost allocation and recovery under the NYISO OATT and to identify the

[12] *See* NYISO OATT Sections 38.10, 38.23, 6.16 (Rate Schedule 16).

[13] *See id.* Section 31.3.1.

beneficiaries that would be allocated the cost of the project.[14] In order to be considered for approval, a proposed Regulated Economic Transmission Project must cost at least $25 million and have a benefit-to-cost ratio of at least 1.0 measured solely by net production costs savings against project costs over 10 years from the project's in-service date.[15] Load serving entities ("LSEs") identified by the NYISO as the project beneficiaries must approve the project's selection with a super-majority of at least 80% of the weighted loads represented by the LSEs.[16] The NYISO provides LSEs with additional economic benefit information such as changes to generator payments, installed capacity costs, Transmission Congestion Contract revenues, Ancillary Services costs, emissions costs, fuel and load forecast uncertainty and energy deliverability, for the LSEs' consideration in casting their votes. The informational metrics do not include benefits of a project to system reliability, operability, expandability, or performance. If a project is approved, it is eligible for cost allocation and recovery through the NYISO OATT.[17]

Requested Economic Planning Study ("REPS"): Market Participants and other interested parties may also request that the NYISO perform a REPS at the requesting party's expense solely for informational purposes. The scope and deliverables for the REPS will be agreed upon by the NYISO and the requesting entity.[18]

[14] *See id.* Sections 31.3.2.1, 31.5.1, 31.5.4 and 31.5.6.

[15] *See id.* Section 31.5.4.3.

[16] *See id.* Section 31.5.4.6.

[17] *See id.* Sections 31.5.4.6.4, 31.5.5.3, 6.10 (Rate Schedule 10).

[18] *See id.* Section 31.3.3.

d. Public Policy Transmission Planning Process ("Public Policy Process")

The purpose of the Public Policy Process is to identify and address needs on the transmission system that are driven by federal, state, or local laws and regulations.[19] Under this process, interested entities propose, and the New York State Public Service Commission ("NYPSC") identifies, transmission needs driven by Public Policy Requirements.[20] If the NYPSC identifies a Public Policy Transmission Need, the NYISO requests that interested entities submit proposed solutions to the identified need. This process is based on a sponsorship model, by which Developers propose the transmission project design as well as bid on the project, which proposals are assessed based on cost and other selection criteria.

The NYISO determines whether proposed solutions are viable and sufficient to satisfy the identified Public Policy Transmission Need.[21] The NYISO then evaluates the viable and sufficient transmission projects under a variety of criteria to rank the projects and select the more efficient or cost-effective transmission solution.[22] Those criteria are set forth in 10 categories of metrics that include project cost and cost containment, operability, expandability, performance, and system-wide economic benefits to production costs, installed capacity costs and environmental emissions. The metrics do not include benefits to meeting system reliability needs, such as resource adequacy and transmission security.[23] The NYISO's Public Policy Process is unique among its planning processes because it utilizes multiple cases and scenarios over a 20-year evaluation time horizon, and uses a broad set of reliability, economic, and public

[19] *See id.* Section 31.4.

[20] Transmission Owners also review their Local Transmission Owner Plans to determine if there are additional needs driven by Public Policy Requirements. The Long Island Power Authority may determine Public Policy Transmission Needs on Long Island, with the approval of the NYPSC, to seek solutions eligible for cost allocation across the New York Control Area.

[21] *See id.* Section 31.4.6.5.

[22] *See id.* Section 31.4.8.

[23] *See id.* Section 31.4.8.1.

policy metrics to evaluate projects and select the more efficient or cost-effective transmission solution.

A draft Public Policy Transmission Planning Report sets forth the NYISO's findings, ranking of solutions, and any recommended selection of the more efficient or cost-effective transmission solution to the identified need. NYISO stakeholders have the opportunity to review and comment on the report. The NYISO Board of Directors considers whether to approve the report and whether to select the transmission solution recommended in the report.[24] The selected transmission project is eligible for cost allocation and cost recovery under the NYISO's tariffs.[25]

e. Interregional Transmission Planning

In concert with the planning processes under the CSPP, the NYISO performs interregional transmission planning with its neighboring control areas in the United States and Canada under the Northeastern ISO/RTO Planning Coordination Protocol.[26] The NYISO participates in interregional transmission planning and may consider Interregional Transmission Projects as solutions in its regional planning processes.[27]

[24] *See id.* Section 31.4.11.

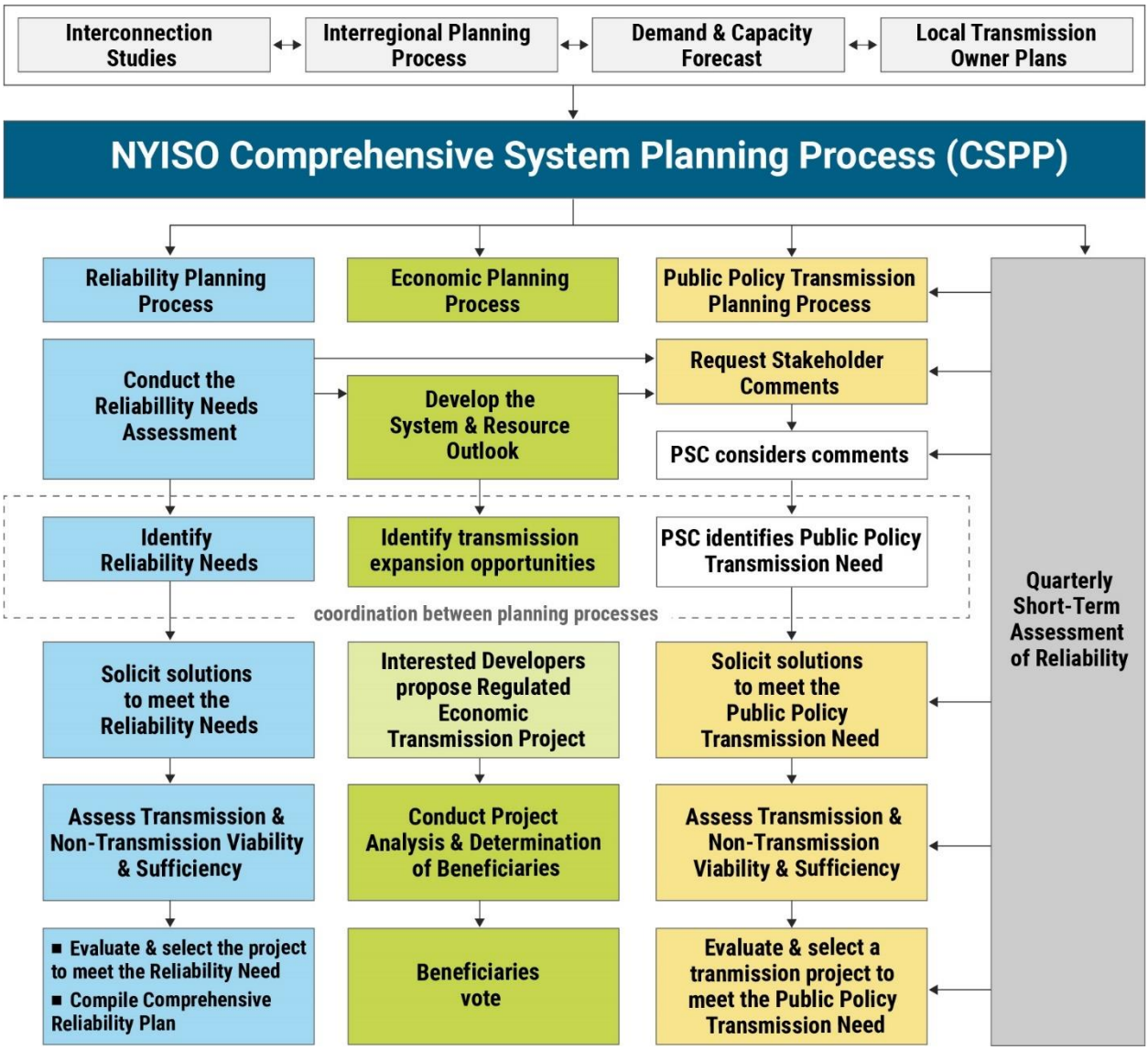
[25] *See id.* Sections 31.4.8, 6.10 (Rate Schedule 10).

[26] *See id.* Section 31.1.5. The Northeastern ISO/RTO Planning Coordination Protocol is available at the following link: https://www.nyiso.com/documents/20142/1406358/Northeast_Planning_Protocol_FINAL_SIGNED_VERSION.pdf.

[27] The NYISO is a member of the Joint Interregional Planning Committee and together with PJM and ISO-NE, hosts the Interregional Planning Stakeholder Advisory Subcommittee. *See* https://www.nyiso.com/ipsac.

f. CSPP Diagram

The NYISO CSPP is illustrated in the flow diagram below:



II. Selection of Competitive Transmission Projects in New York through the Public Policy Process

The NYISO has enjoyed significant success in expanding transmission in New York through its Public Policy Process.[28] Under this process, the NYISO has selected significant transmission expansions in Western New York, Central New York, and the Hudson Valley Region.

First, in 2015, the NYPSC identified a need for transmission in western New York to obtain the full output of the Niagara hydroelectric project and imports of renewable resources from Ontario without fossil-fueled generation that had retired in the region ("Western New York PPTN"). The NYISO received 12 proposed transmission projects and determined that 10 were viable and sufficient to meet the need. In 2017, the NYISO's Board of Directors selected the Empire State Line proposal from NextEra Energy Transmission New York, Inc. to address the Western New York PPTN. The transmission line has received all regulatory approvals and entered into service in June 2022.

Second, in December 2015, the NYPSC identified a Public Policy Transmission Need to increase transfer capability from central to eastern New York by at least 350 MW (Segment A) and from the Albany region through the Hudson Valley region by at least 900 MW (Segment B) (collectively known as the "AC Transmission PPTNs)."[29] The NYISO received seven viable and sufficient transmission proposals for Segment A and six viable and sufficient transmission

[28] In Commissioner Clements' concurrence to the declaratory order issued to the NYISO regarding rights of first refusal over upgrades to existing planning processes, she stated that "[w]hile this has not been the case in all regions, the success of NYISO's competitive solicitations for public policy projects has been a bright spot in the Order No. 1000 landscape." *New York Indep. Sys. Operator, Inc.*, 175 FERC ¶ 61,038 (2021) (Clements, Comm'r, concurring at P 3).

[29] *See* NYISO, *AC Transmission Public Policy Transmission Plan* (Apr. 8, 2019), at 1, *available at* https://www.nyiso.com/documents/20142/5990605/AC-Transmission-Public-Policy-Transmission-Plan-2019-04-08.pdf/0f5c4a04-79f4-5289-8d78-32c4197bcdf2.

proposals for Segment B.[30] In April 2019, the NYISO's Board of Directors selected transmission projects to address the AC Transmission PPTNs.[31] The NYISO selected a joint proposal by North American Transmission and New York Power Authority for Segment A in central New York, and a joint proposal by Niagara Mohawk Power Corporation d/b/a National Grid and New York Transco, LLC for Segment B in the Hudson Valley.[32] The projects will reduce total system electricity production costs, lower system capacity procurement costs, replace aging transmission infrastructure, improve system performance, reduce emissions, and add resilience and operating flexibility to the New York power grid. Both projects commenced construction in 2021 and are expected to enter into service in 2023.

Lastly, the NYISO is addressing a Public Policy Transmission Need identified by the NYPSC in 2021 to deliver at least 3,000 MW of offshore wind from Long Island to New York City and the rest of the New York Control Area through a new tie line and associated transmission upgrades on Long Island ("Long Island PPTN").[33] After soliciting solutions to the Long Island PPTN,[34] the NYISO received 19 proposals from four developers.[35] The NYISO identified 16 viable and sufficient transmission projects from three developers.[36] On May 9,

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[30] *Id.* at 3.

[31] *Id.* at 2.

[32] *Id.*

[33] NYPSC Case No. 20-E-0497 and Case No. 18-E-0623, *Order Addressing Public Policy Requirements for Transmission Planning Purposes* (Mar. 19, 2021), at 23, *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={8C8F3D7A-4FEB-4B18-88F5-82CF587895C9}.

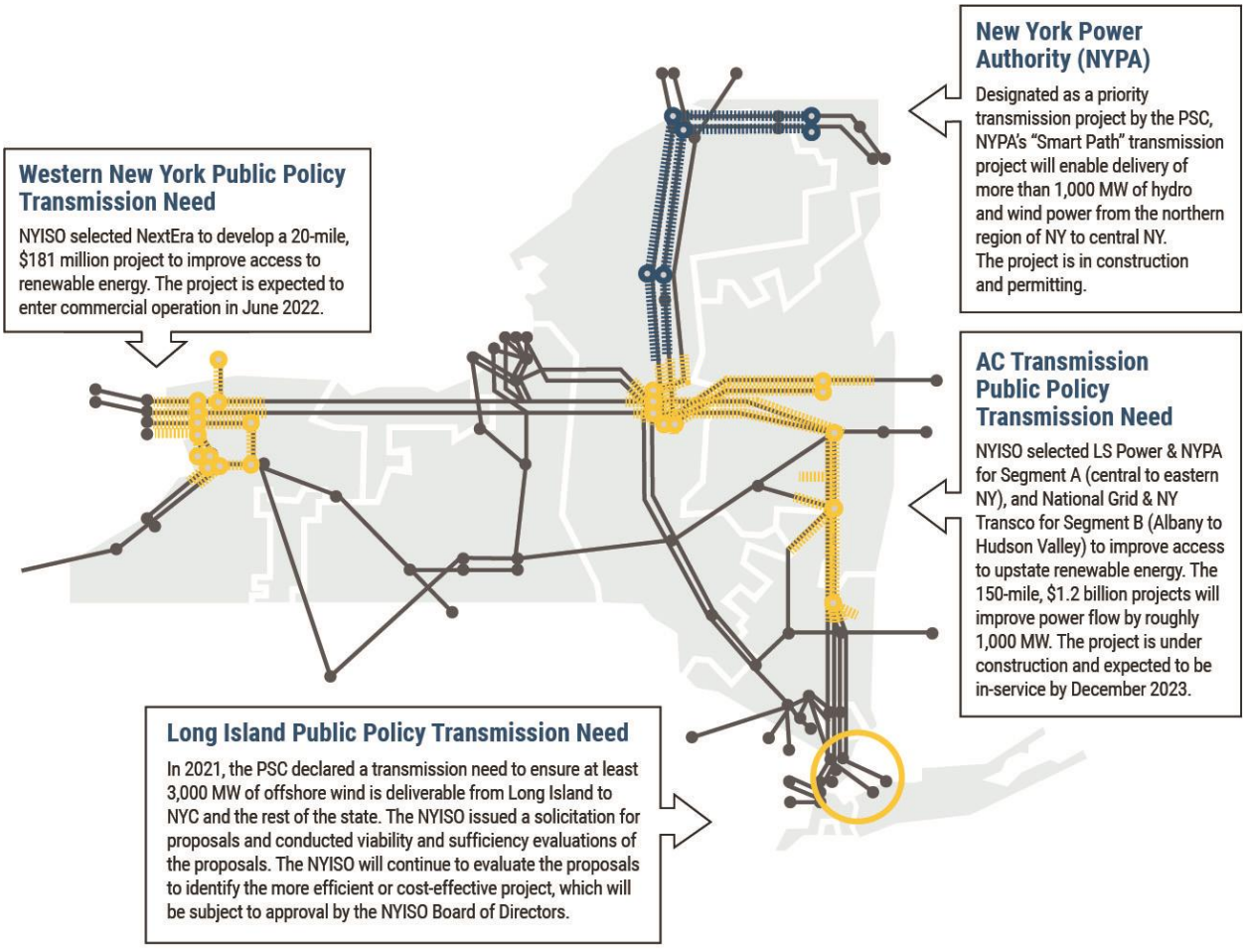
[34] *See* NYISO, *Long Island Offshore Wind Export Public Policy Transmission Need Project Solicitation* (August 12, 2021), *available at* https://www.nyiso.com/documents/20142/22968753/Long-Island-Offshore-Wind-Export-Public-Policy-Transmission-Need-Project-Solicitation.pdf/51b8fdeb-1a66-2938-f116-38f1be486e0d.

[35] *See* NYISO, *Public Policy Transmission Projects Proposed to Meet the Long Island Offshore Wind Export Public Policy Transmission Need* (Oct. 18, 2021), *available at* https://www.nyiso.com/documents/20142/22968753/LI-PPTN-Project-Summary-Public-20211018.pdf/1b36c8b6-6df5-510e-44bc-a2c970d04390.

[36] On April 5, 2022, the NYISO filed a final Viability and Sufficiency Assessment with the NYPSC concerning the proposed solutions to the Long Island PPTN. NYPSC Case No. 20-E-0497 and Case No. 18-E-0623, *Long Island Offshore Wind Export Public Policy Transmission Need Viability & Sufficiency Assessment* (Apr. 5, 2022), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={B8A17EDA-746C-4BC5-ADB6-043D05ACAED1}.

2022, the developers of these 16 solutions notified the NYISO of their intent to proceed for the proposals to be evaluated by the NYISO for purposes of selection. The NYISO is currently evaluating the proposed solutions for purposes of selecting the more efficient or cost-effective transmission solution to address the Long Island PPTN.

The selected Public Policy Transmission Projects represent the largest addition of transmission in New York in the over 30 years. The following map depicts those projects along with the New York Power Authority "Smart Path" project and the location of the pending Long Island Offshore Wind Export Public Policy Transmission Need:



Public Policy Transmission Project Map

III. Recent New York State Laws and Regulations Regarding Transmission Planning

New York State and local governments in the state have enacted some of the most aggressive energy and environmental policies in the nation. The NYISO anticipates significant fossil-fuel generation fleet turnover and other impacts on the power system in New York as a result of these state and local, energy and environmental laws and regulations.

Most significantly, New York enacted in 2019 the Climate Leadership and Community Protection Act ("CLCPA").[37] Among other things, the CLCPA requires that: (i) 70 percent of energy consumed in New York State be produced by renewable resources by 2030, (ii) electricity consumed must be emissions fee by 2040, and (iii) the state incorporate 9,000 MW of offshore wind, 6,000 MW of solar generation, and 3,000 MW of storage. On September 20, 2021, New York State Governor Kathy Hochul announced a more ambitious target for the state of New York to reach at least 10,000 MW of solar energy generation by the year 2030.[38]

In 2020, New York State enacted the 2020 Accelerated Renewable Generation and Community Benefit Act ("AREA").[39] The AREA directs the NYPSC to take certain actions to provide that New York's electric power grid will support the state's CLCPA mandates. On May 14, 2022, the NYPSC commenced a proceeding to implement its requirements under AREA to support the CLCPA mandates.[40] Pursuant to AREA, the NYPSC was required to conduct a comprehensive power grid study for the purpose of identifying distribution upgrades, local

[37] 2019 Laws of N.Y., ch. 106.

[38] *See* New York State, *Governor Hochul Announces Expanded NY-Sun Program to Achieve at Least 10 Gigawatts of Solar Energy by 2030* (Sep. 30, 2021), *available at* https://www.governor.ny.gov/news/governor-hochul-announces-expanded-ny-sun-program-achieve-least-10-gigawatts-solar-energy-2030.

[39] 2020 Laws of N.Y., ch. 58, Part JJJ.

[40] NYPSC Case No. 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, *Order on Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act* (May 14, 2020).

transmission upgrades, and bulk transmission investments that are necessary or appropriate to facilitate the timely achievement of the CLCPA targets. The NYPSC was also required to commence proceedings to advance needed projects identified through the power grid study. This included a proceeding to address local transmission and distribution planning. In addition, this included a proceeding concerning the bulk transmission system. In particular, AREA required two approaches for addressing transmission planning on the bulk transmission system to achieve CLCPA targets. First, transmission investments that the NYPSC determines need to be completed expeditiously are referred to the New York Power Authority for development and construction.[41] Second, other transmission projects are to be addressed through the NYISO's Public Policy Process in which the NYPSC identifies transmission needs for the NYISO's solicitation and evaluation of proposed solutions.

In September 2021, based on a recommendation in the state power grid study, the NYPSC directed the establishment of a coordinated grid planning process ("CGPP") for New York to improve the coordination of the planning studies performed by New York utilities with the NYISO bulk power transmission planning and interconnection processes.[42]

[41] *See* NYPSC Case No. 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, *Order on Priority Transmission Projects* (Oct. 15, 2020) (designating Northern New York transmission projects for development by NYPA).

[42] *See* NYPSC Case No. 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, *Order on Local Transmission and Distribution Planning Process and Phase 2 Project Proposals* (Sep. 9, 2021), *available at* https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={6A0FAE50-5710-42DD-969A-5116171E2457}; NYPSC Case No. 20-E-0197, Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act, *The Utilities' Coordinated Grid Planning Process and Revised Benefit Cost Analysis Proposals* (Dec. 17, 2021); *see also* NYISO, *Power Trends 2022* (May 18, 2022), at 45, *available at* https://www.nyiso.com/documents/20142/2223020/2022-Power-Trends-Report.pdf/d1f9eca5-b278-c445-2f3f-edd959611903 ("Within New York, the [Department of Public Service] is leading engagement on a proposed Coordinated Grid Planning Process.").

These state policy mandates and goals, along with those raised in the revised Clean Energy Standard adopted by the NYPSC, are already resulting in significant changes to the New York power system, which necessarily affect how the system is planned and operated. Indeed, in response to New York State policies, developers have proposed more than 50,000 MW of new offshore wind, land-based wind, solar, and energy storage capacity for potential interconnection to the grid. The NYISO expects this trend to continue for the foreseeable future.

# # #

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 17th day of August 2022.

/s/ Mitchell W. Lucas

Mitchell W. Lucas
New York Independent System Operator, Inc.
10 Krey Blvd.
Rensselaer, NY 12144
(518) 356-6242