

FOR CONSIDERATION

May 23, 2018

TO: The Oversight Committee of the Board of Trustees

FROM: Thomas Falcone

REQUEST: Recommendation for the Approval of a Board Policy for the Evaluation of Public Policy Requirements for Transmission Planning

Requested Action

The Oversight Committee of the Board of Trustees (the “Committee”) is requested to recommend approval of a Board Policy for the Evaluation of Public Policy Requirements for Transmission Planning within the Long Island Transmission District. In June 2015, the Board of Trustees (the “Board”) first adopted procedures regarding public policy transmission planning. As described below, the Committee is requested to recommend amendments to those procedures in the form of a Board policy consistent with other Board policies that have been adopted since 2016.

Background

In 2011, the Federal Energy Regulatory Commission’s (“FERC”) Order 1000 required transmission providers to expand their transmission planning processes to address “Public Policy Requirements” that may drive the need for new transmission facilities. Order 1000 was implemented in New York by the New York Independent System Operator (“NYISO”) which amended its Open Access Transmission Tariff (“OATT”) through a series of filings with FERC between 2012 and 2015. As defined in the OATT, a Public Policy Requirement is a “federal or New York State statute or regulation, including a New York Public Service Commission order adopting a rule or regulation subject to and in accordance with the State Administrative Procedure Act, any successor statute, or any duly enacted law or regulation passed by a local government entity in New York State, that may relate to transmission planning on the bulk power transmission facilities.”¹

Section 31 of the NYISO OATT describes the process for carrying out public policy transmission planning by the NYISO in cooperation with the New York Public Service Commission (“PSC”) and the Long Island Power Authority (“Authority”). The process has two main parts: (1) determination of transmission needs; and (2) solicitation, evaluation and selection of transmission and non-transmission projects to meet any identified needs. A key aspect of the process is the potential allocation of costs on a statewide basis for any public policy transmission projects that are selected, which is subject to review by the PSC and approval by FERC.

While the PSC is responsible for determining whether there are Public Policy Requirements that may drive the need for transmission on a statewide basis (which would then be referred to the NYISO for solicitation of proposed projects), the Authority retains responsibility for transmission

¹ NYISO OATT, Section 31.1.1

planning on Long Island. However, the OATT provides that projects identified on Long Island may qualify for statewide cost allocation if so designated by the PSC. Thus, it is important for the Authority and PSC processes to be coordinated.

In August 2016, the NYISO issued a solicitation for proposed transmission needs that might be driven by Public Policy Requirements.

On October 3, 2016 the NYISO filed for consideration by the PSC and the Authority, 12 Proposals for Public Policy Transmission Needs, including three pertaining to Long Island: (i) North American Transmission LLC's reference to New York's Clean Energy Standard ("CES") driving the need for internal transmission; (ii) Poseidon LLC's reference to CES driving the need for new external transmission ties from LI to PJM; and (iii) PSEG Long Island's reference to CES driving the need for Long Island transmission to accommodate off-shore wind. During the PSC's evaluation of these proposals, Authority staff consulted with the Department of Public Service ("DPS") to assure that the Authority's evaluation would be informed by the work conducted by DPS.

On March 16, 2018, the PSC declined to identify any Public Policy Transmission Needs. The PSC recognized that "while there are certain regions in the Northern and Southeastern areas of New York State where additional transmission facilities may support the development of renewable resources, the extent and magnitude of such needs requires further consideration." The PSC directed the NYISO, DPS and market participants to continue to "work towards identifying potential transmission constraints on both the bulk and non-bulk transmission systems that may warrant the future identification of a Public Policy Requirement, considering current and projected resources."

Discussion

Authority staff and PSEG Long Island have reviewed the proposed Public Policy Transmission Needs, as well as the PSC's assessment thereof, and concur with the PSC that none of the proposals should be considered as Public Policy Transmission Needs at this time. However, Authority staff has identified certain changes to the evaluation procedures approved by the Board in 2015 to facilitate improved coordination between the Authority and the PSC processes. Staff proposes that issuance of a report for public comment should occur subsequent to consultation with DPS on a potential determination of a Public Policy Transmission Need (see Exhibit B).

The next consideration of public policy transmission needs is expected to commence in August 2018.

Authority staff and PSEG Long Island will work with the NYISO and DPS to identify potential transmission constraints and requirements on both the bulk and non-bulk transmission systems that may warrant the future identification of a Public Policy Requirement, including transmission requirements that may arise from the pending statewide solicitations of up to 800 megawatts of offshore wind in 2018 and 2019.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the resolution in the form attached as **Exhibit “A”**.

Attachment

Exhibit A Resolution

Exhibit B Board Policy for the Evaluation of Public Policy Requirements for Transmission Planning

Exhibit A

**RESOLUTION RECOMMENDING APPROVAL OF A BOARD POLICY FOR THE
EVALUATION OF PUBLIC POLICY REQUIREMENTS FOR TRANSMISSION
PLANNING**

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Oversight Committee of the Board of Trustees hereby recommends approval of the proposed Policy for the Evaluation of Public Policy Requirements for Transmission Planning in the form attached hereto.

Dated: May 23, 2018



Board Policy: **Evaluation of Public Policy Requirements for Transmission Planning**
Policy Type: **Compliance**
Monitored by: **Oversight Committee**
Board Resolution: **Resolution #____, approved May 23, 2018**

Board Policy on Evaluation of Public Policy Requirements for Transmission Planning

It is the policy of the Long Island Power Authority to fulfill its responsibilities under Section 31.4.2 of the New York Independent System Operator (“NYISO”) Open Access Transmission Tariff (“OATT”) using the following procedures to evaluate whether public policy requirements drive the need for physical modifications to the Long Island Transmission District. The procedures are adopted pursuant to Section § 1020-f(z) of the Long Island Power Authority Act.¹

Procedures:

A. Step 1: NYISO 60-Day Solicitation of Public Comments Proposing Public Policy Requirements for Review.

The NYISO, as part of its biennial planning process, holds a 60-day public comment period in which entities may identify public policy requirements that should be evaluated for the purposes of determining whether such requirements drive the need for transmission improvements to the bulk transmission system in New York State, including within the Long Island Transmission District.

B. Step 2: Receipt of Proposals from the NYISO and Request for Evaluation.

The NYISO will transmit to the Authority a request for evaluation of any public comments that propose the evaluation of public policy requirements that may drive the need for physical modifications to the Long Island Transmission District (i.e., transmission needs) pursuant to Section 31.4.2 of the NYISO OATT.

C. Step 3: Authority Staff Evaluation of Transmission Needs.

Authority staff shall commence an evaluation of whether there are any transmission needs within the Long Island Transmission District driven by public policy requirements (“Public Policy

¹ N.Y. Pub. Auth. Art. 5, Title 1-A, §1020-f(z), providing that the Authority may adopt, revise, and amend rules and regulations “with respect to operations, properties and facilities as may be necessary or convenient to carry out [its regulatory oversight of the Long Island Transmission District] subject to the provision of the state administrative procedure act.”

Transmission Need”). Such evaluation shall include consultation with Department of Public Service (“DPS”) staff to insure proper coordination between the Authority and Public Service Commission (“PSC”) processes, as to technical content and schedule. Should the Staff evaluation result in a recommendation to identify a Public Policy Transmission Need, Staff shall produce a report describing its evaluation and justification, along with a discussion of Staff’s consultation with DPS.

D. Step 4: Issuance of SAPA Notice and Initiation of Public Comment Period

Upon completion of the Staff report identifying a Public Policy Transmission Need, the report will be posted on the Authority’s website for public comment, pursuant to the State Administrative Procedures Act. Such public comment period will be initiated by publication of the SAPA notice in the State Register, posting of the Staff report on the Authority’s website, www.lipower.org, and a public announcement and requests for public comment.

E. Step 5: Determination of transmission needs within the Long Island Transmission District driven by Public Policy Requirements

Upon the close of the public comment period, the Board of Trustees shall review and consider all public comments, the Staff report, and such other information or analyses that are included as part of the administrative record of evaluation. The Board of Trustees shall determine whether there are any transmission needs within the Long Island Transmission District that are driven by public policy requirements.

F. Step 6: Submittal of written determination to the New York Public Service Commission

The Board of Trustees written determination will be transmitted to the PSC explaining whether the Authority has identified any transmission needs within the Long Island Transmission District that are driven by public policy requirements. Thereafter, the PSC will determine whether such transmission needs should qualify for statewide cost allocation pursuant to the NYISO OATT. Any transmission projects not designated by the PSC for statewide cost allocation shall remain within the jurisdiction of the Authority to consider within its regular planning process.