



LIPA's Role In NYS Public Policy Transmission Planning

June 24, 2020

TRANSMISSION PLANNING IN NEW YORK STATE

Local Transmission Planning

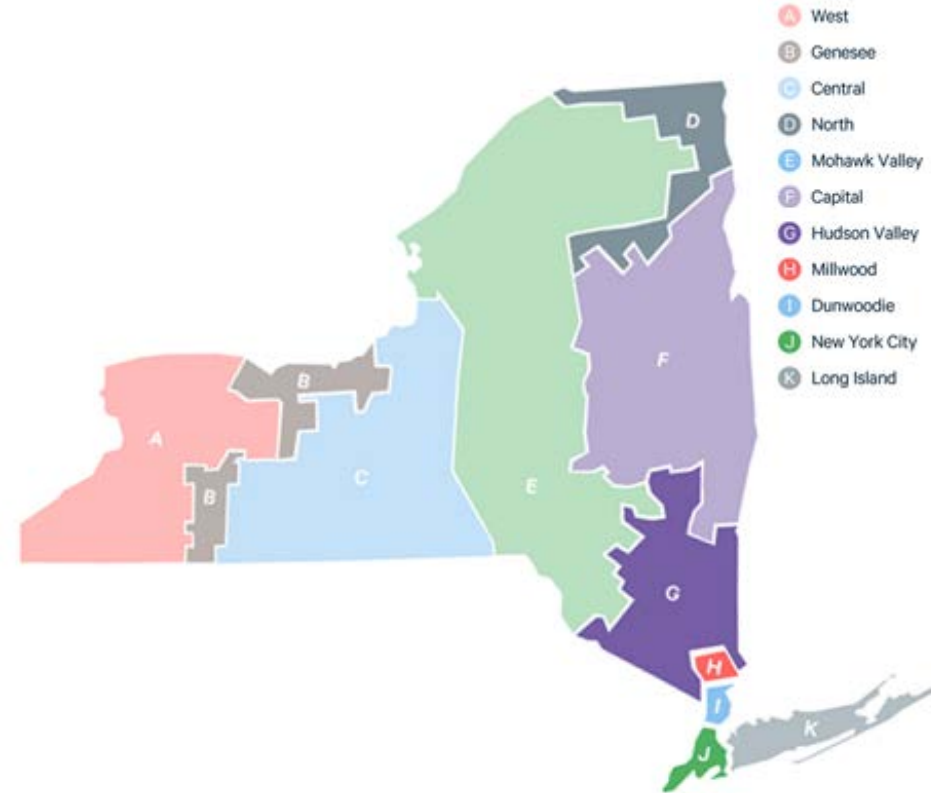
Conducted by each NYS utility

- Goal is to maintain reliable delivery of power to customers
- Costs are charged to utility customers
- PSEG Long Island develops LIPA's Local Transmission Plan

Regional Transmission Planning

- Conducted by NYISO
- Three areas of planning: Reliability, Economic, and Public Policy Transmission Planning (PPTN)
- PPTN is need for transmission driven by public policy (e.g. New York's 9,000 MW Offshore Wind goal)

**Costs are allocated to each individual zone that would benefit or to all zones if the entire state would benefit*

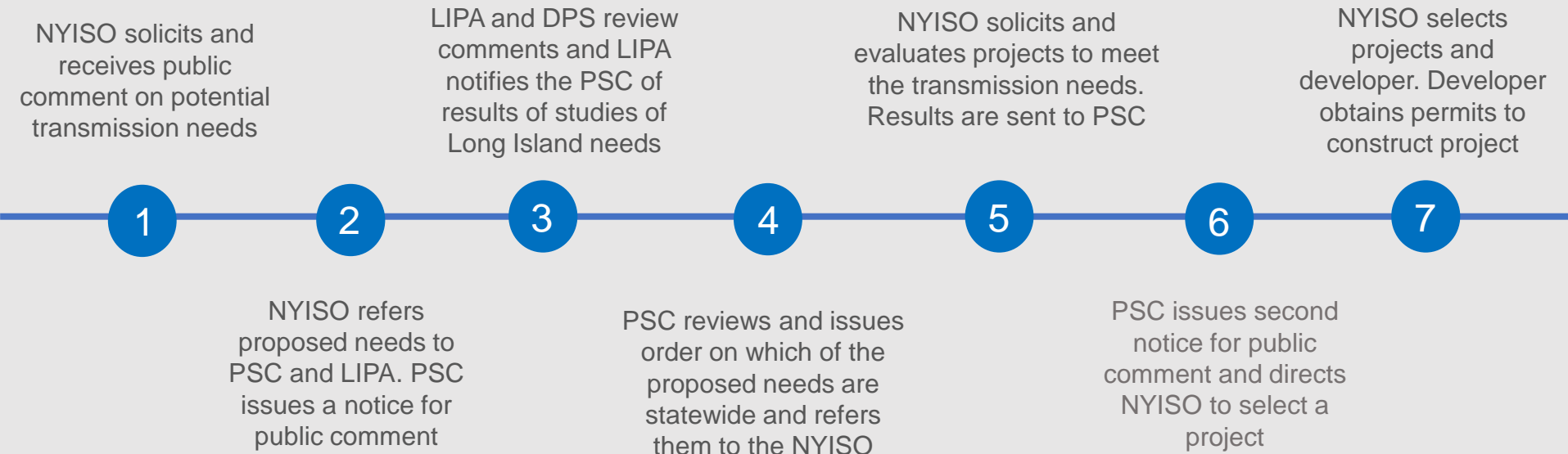


HOW NEW YORK PLANS FOR PUBLIC POLICY TRANSMISSION NEEDS

Agencies have different roles when planning for PPTN:

- The Public Service Commission (PSC) is responsible for identifying statewide transmission needs
- LIPA is responsible for studying transmission needs on Long Island. If LIPA identifies a need, and the PSC agrees, then projects on Long Island (whether built by LIPA or a third-party developer) would be eligible for statewide cost allocation

Biennial Planning Cycle



LATEST DEVELOPMENTS

Biennial cycle commenced by NYISO in August 2018

- NYISO received proposed transmission needs from 15 entities and referred all to PSC
- 7 of the 15 involved Long Island and were referred to LIPA
 - Proposals were submitted by three developers, the NY Transmission Owners, NYPA, PSEG Long Island, and the City of New York
 - All seven recommended increasing the transmission capacity between Long Island and New York City/Westchester to assure that renewable generation (principally offshore wind) could be delivered to customers across the state

LIPA and DPS have been reviewing the proposed Long Island transmission needs considering the CLCPA and Accelerated Renewable Energy Growth and Community Benefits Act (Siting Act)

- July 2020: LIPA to conclude study of transmission needs driven by offshore wind
- In progress: DPS study of transmission needs to support clean energy goals
- Pending: PSC order on 2018 transmission needs

NYISO to commence new biennial cycle in August 2020

PROPOSED CHANGES TO BOARD POLICY

- Clarify LIPA coordination with DPS
- Distinguish roles of LIPA staff and Board of Trustees
 - ✓ Staff conducts studies and reports results to the PSC
 - ✓ Staff reports annually to the Board
 - ✓ Board approves necessary budget amendments if a LIPA project is selected by the PSC
- Leverage PSC public comment process to streamline assessment of needs
 - ✓ LIPA study accounts for public comments received by PSC
 - ✓ PSC requests additional public comment prior to making final decision
- Assure timely support of CLCPA and Siting Act goals

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: June 12, 2020	Board Meeting Date: June 24, 2020
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For All Board Voting Items:

Title of Agenda Item: Approval of Amendments to the Board Policy on the Evaluation of Public Policy Requirements for Transmission Planning

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & Clean Energy

LIPA Presenter: N/A

PSEG Long Island Presenter: N/A

Enterprise Risk Management Discussion: Yes No

Requested Action:	The Board is requested to adopt a resolution amending the Board Policy on the Evaluation of Public Policy Requirements for Transmission Planning.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>By Resolution No. 1414, dated May 23, 2018, the Board adopted the Policy which sets forth the procedures for LIPA to evaluate whether public policy requirements drive the need for physical modifications to the Long Island Transmission District (“Long Island PPTNs”). On August 1, 2018, the New York Independent System Operator (“NYISO”) commenced its most recent biennial solicitation of proposed transmission needs that are driven by public policy requirements. In October 2018, the NYISO referred to LIPA a series of stakeholder proposals for public policy transmission needs on Long Island and simultaneously referred the entire set of stakeholder proposals to the New York Public Service Commission (“NYPSC”) for its consideration of statewide transmission needs.</p> <p>Specifically, the changes include: (i) the execution of actions referenced in Section 31.4.2 of the NYISO OATT, none of which involve ratemaking or financial decisions that would require Board action, by LIPA’s Chief Executive Officer (“CEO”) or his or her designee; (ii) the elimination of a SAPA Notice by LIPA since it is duplicative of the NYPSC process; (iii) seeking Board approval of budget or budget amendments necessitated by construction of a LIPA PPTN; and (iv) the CEO’s annual reporting to the Board on LIPA’s assessment of Long Island PPTNs.</p>

FOR CONSIDERATION

June 24, 2020

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of Amendments to the Board Policy on the Evaluation of Public Policy Requirements for Transmission Planning

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution amending the Board Policy on the Evaluation of Public Policy Requirements for Transmission Planning (the “Policy”), which resolution is attached hereto as **Exhibit “A”**.

Background

By Resolution No. 1414, dated May 23, 2018, the Board adopted the Policy which sets forth the procedures for LIPA to evaluate whether public policy requirements drive the need for physical modifications to the Long Island Transmission District (“Long Island PPTNs”). On August 1, 2018, the New York Independent System Operator (“NYISO”) commenced its most recent biennial solicitation of proposed transmission needs that are driven by public policy requirements. In October 2018, the NYISO referred to LIPA a series of stakeholder proposals for public policy transmission needs on Long Island and simultaneously referred the entire set of stakeholder proposals to the New York Public Service Commission (“NYPSC”) for its consideration of statewide transmission needs. Thereafter, the NYPSC sought and received public comments on the proposed PPTNs (*see*, NYPSC Case 18-E-0623).

In furtherance of state clean energy goals and in addition to LIPA’s procurement of the first off-shore wind farm in the State, in 2018 the New York State Energy and Research Development Authority (“NYSERDA”) issued its first solicitation for offshore wind opportunities to bring clean, locally-produced renewable energy to Long Island and New York City.

In July 2019, New York State adopted the Climate Leadership and Community Protection Act (“CLCPA”). The CLCPA codified many of the clean energy goals and initiatives that were part of the Reforming the Energy Vision (“REV”) proceeding before the NYPSC. Among other things, the CLCPA includes a requirement for 9,000 MW of offshore wind capacity by 2035. New York State also adopted the Accelerated Renewable Energy Growth and Community Benefit Act (the “Siting Act”) in April 2020, which created an Office of Renewable Energy Siting to improve and streamline the process for environmentally responsible and cost-effective siting of large-scale renewable energy projects across New York.

The interconnection of offshore wind will require new transmission infrastructure on Long Island, New York City, and elsewhere in New York State.

The amendments to this Policy will be applicable to LIPA's evaluation of the stakeholder proposals received from NYISO thus far, as well as new proposals to be solicited by NYISO in August 2020.

Recommended Changes to the Policy

The Siting Act requires the NYPSC to identify transmission upgrades needed to meet the CLCPA goals. To more closely coordinate with the New York State Department of Public Service ("DPS") so it can most effectively advise the NYPSC on Long Island transmission needs, LIPA staff proposes changes to the Policy more specifically shown on **Exhibit "B"**.

Specifically, the changes include: (i) the execution of actions referenced in Section 31.4.2 of the NYISO OATT, none of which involve ratemaking or financial decisions that would require Board action, by LIPA's Chief Executive Officer ("CEO") or his or her designee; (ii) the elimination of a SAPA Notice by LIPA since it is duplicative of the NYPSC process; (iii) seeking Board approval of budget or budget amendments necessitated by construction of a LIPA PPTN; and (iv) the CEO's annual reporting to the Board on LIPA's assessment of Long Island PPTNs.

Recommendation

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

Attachments

- Exhibit "A"** Resolution
- Exhibit "B"** Policy (redline)
- Exhibit "C"** Policy (clean)
- Exhibit "D"** NYISO OATT Section 31.4.2

RESOLUTION APPROVING AMENDMENTS TO THE BOARD POLICY ON THE EVALUATION OF PUBLIC POLICY REQUIREMENTS FOR TRANSMISSION PLANNING

WHEREAS, the Board Policy on the Evaluation of Public Policy Requirements for Transmission Planning (the "Policy") was originally approved by the Board of Trustees by Resolution No. 1414, dated May 23, 2018; and

WHEREAS, the Board has reviewed the Policy and approves the amendments to the Policy as recommended by Staff in the accompanying memorandum.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby approves the amendments to the Policy.

Dated: June 24, 2020



Board Policy: ~~Evaluation of Public Policy Requirements for~~ **Transmission Planning**

Policy Type: **Compliance**

Monitored by: **Oversight and Clean Energy Committee**

Board Resolution: **#1414, approved May 23, 2018**
[#xxxx], amended June 24, 2020

Board Policy on ~~Evaluation of Public Policy Requirements for~~ Transmission Planning

It is the policy of the Long Island Power Authority ("LIPA") 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 ("Long Island PPTNs"). The procedures are adopted pursuant to Section § 1020-f(z) of the Long Island Power Authority Act.†

Procedures:

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.

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

The NYISO will transmit to LIPA ~~the Authority~~ a request for evaluation of ~~any public comments that the~~ proposed Long Island PPTNs ~~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. LIPA's Chief Executive Officer ("CEO"), or his or her designee, will undertake the actions referenced in Section 31.4.2 of the NYISO OATT.

Step 3: LIPA's ~~Authority-Staff~~ Evaluation and Determination of Long Island Public Policy of Transmission Needs.

~~LIPA Authority staff shall commence an evaluation of whether there are any transmission needs within the Long Island PPTNs. The Such evaluation shall consider the proposed Long Island PPTNs and such other information or analyses that LIPA may require to determine whether one or more Long Island PPTNs exist(s) and should be referred to the include consultation with Department of Public Service (“DPS”) for consideration of statewide needs. Such evaluation shall include consultation with DPS staff to ensure proper coordination between LIPA the Authority and Public Service Commission (“PSC”) processes, as to technical content and schedule. Should LIPA’s the Staff evaluation result in a recommendation to identify a Long Island PPTN that should be considered for statewide cost allocation, LIPA, at the direction of the CEO, Public Policy Transmission Need, Staff shall submit produce a written determination based on its evaluation to the PSC report describing its evaluation and justification, along with a discussion of Staff’s consultation with DPS. Thereafter, the PSC will determine whether such transmission needs should qualify for statewide cost allocation pursuant to the NYISO OATT.~~

Step 4: Issuance of SAPA Notice and Initiation of Public Comment Period Actions Following a Determination by the New York Public Service Commission

~~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.~~

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

~~*B. 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 requirement*~~
~~*Step 6: Submittal of written determination to the New York Public Service Commission*~~

~~Should the PSC determine that a Long Island PPTN does not qualify for statewide cost allocation, such transmission needs shall remain within the jurisdiction of LIPA to address 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 or such other planning processes as may be established by the PSC or the NYISO.~~

~~Should the PSC determine that a Long Island PPTN qualifies for statewide cost allocation~~

pursuant to the NYISO OATT, the PSC will request NYISO to solicit proposals for specific projects to meet the identified need. LIPA, in consultation with PSEG Long Island, shall determine whether or not to submit a project proposal to NYISO and shall inform the Board of Trustees of its decision.

NYISO will follow its procedures as set forth in the NYISO OATT and will select one or more proposed projects to be developed. Each selected project will be subject to regulatory approvals by FERC and the PSC.

Should a project to be owned by LIPA and constructed by LIPA or PSEG Long Island be selected by NYISO, any budget or budget amendment for such project shall be subject to the approval of the Board of Trustees.

Annual Report:

The CEO shall report to the Board of Trustees at least annually on LIPA's assessment of Long Island PPTNs.

Board Policy: **Public Policy Transmission Planning**
Policy Type: **Compliance**
Monitored by: **Oversight and Clean Energy Committee**
Board Resolution: **#1414, approved May 23, 2018**
[#xxxx], amended June 24, 2020



Board Policy on Public Policy Transmission Planning

It is the policy of the Long Island Power Authority (“LIPA”) 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 (“Long Island PPTNs”). The procedures are adopted pursuant to Section § 1020-f(z) of the Long Island Power Authority Act.

Procedures:

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.

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

The NYISO will transmit to LIPA a request for evaluation of the proposed Long Island PPTNs pursuant to Section 31.4.2 of the NYISO OATT. LIPA’s Chief Executive Officer (“CEO”), or his or her designee, will undertake the actions referenced in Section 31.4.2 of the NYISO OATT.

Step 3: LIPA’s Evaluation and Determination of Long Island Public Policy Transmission Needs.

LIPA shall commence an evaluation of whether there are any Long Island PPTNs. The evaluation shall consider the proposed Long Island PPTNs and such other information or analyses that LIPA may require to determine whether one or more Long Island PPTNs exist(s) and should be referred to the Department of Public Service (“DPS”) for consideration of

statewide needs. Such evaluation shall include consultation with DPS to ensure proper coordination between LIPA and Public Service Commission (“PSC”) processes, as to technical content and schedule. Should LIPA’s evaluation identify a Long Island PPTN that should be considered for statewide cost allocation, LIPA, at the direction of the CEO, shall submit a written determination based on its evaluation to the PSC describing its evaluation and justification. Thereafter, the PSC will determine whether such transmission needs should qualify for statewide cost allocation pursuant to the NYISO OATT.

Step 4: Actions Following a Determination by the New York Public Service Commission

Should the PSC determine that a Long Island PPTN does not qualify for statewide cost allocation, such transmission needs shall remain within the jurisdiction of LIPA to address within its regular planning process or such other planning processes as may be established by the PSC or the NYISO.

Should the PSC determine that a Long Island PPTN qualifies for statewide cost allocation pursuant to the NYISO OATT, the PSC will request NYISO to solicit proposals for specific projects to meet the identified need. LIPA, in consultation with PSEG Long Island, shall determine whether or not to submit a project proposal to NYISO and shall inform the Board of Trustees of its decision.

NYISO will follow its procedures as set forth in the NYISO OATT and will select one or more proposed projects to be developed. Each selected project will be subject to regulatory approvals by FERC and the PSC.

Should a project to be owned by LIPA and constructed by LIPA or PSEG Long Island be selected by NYISO, any budget or budget amendment for such project shall be subject to the approval of the Board of Trustees.

Annual Report:

The CEO shall report to the Board of Trustees at least annually on LIPA’s assessment of Long Island PPTNs.

31.4 Public Policy Transmission Planning Process

31.4.1 General

The Public Policy Transmission Planning Process shall consist of three steps: (1) identification of Public Policy Transmission Needs that should be evaluated by the ISO; (2) requests for specific proposed solutions to address those Public Policy Transmission Needs identified for evaluation and the evaluation of those specific solutions; and (3) selection of the more efficient or cost-effective transmission solution, if any, to satisfy the Public Policy Transmission Need to be eligible for cost allocation. The NYDPS/NYPSC shall identify transmission needs driven by Public Policy Requirements and warranting evaluation by the ISO. The ISO shall request and evaluate specific proposed solutions to address such needs. The ISO shall select the more efficient or cost-effective transmission solution to satisfy such needs. The Public Policy Transmission Planning Process will be conducted on a two-year cycle, unless requested by the NYDPS/NYPSC to be conducted out of that cycle. If the Public Policy Transmission Planning Process cannot be completed in the two-year cycle, the ISO will notify stakeholders and provide an estimated completion date and an explanation of the reasons the additional time is required. The NYPSC/NYDPS's issuance of a written statement pursuant to Section 31.4.2.1 below will occur after the draft RNA study results are posted.

31.4.2 ISO and Interested Party Identification and Posting of Proposed Transmission Needs

At the start of each public policy planning cycle, the ISO will provide a 60-day period to allow any stakeholder or interested party to submit to the ISO, or for the ISO on its own initiative to identify, a proposed transmission need that it believes is being driven by a Public Policy Requirement and for which transmission solutions should be requested and evaluated. Each

submittal will identify the Public Policy Requirement(s) that the party believes is driving the need for transmission, propose criteria for the evaluation of transmission solutions to that need, and describe how the construction of transmission will fulfill the Public Policy Requirement(s).

After the end of the 60-day period, the ISO will post all submittals on its website, and will submit to the NYDPS/NYPSC all submittals proposed by stakeholders, other interested parties, and any additional transmission needs and criteria identified by the ISO.

31.4.2.1 Identification and Determination of Transmission Needs Driven by Public Policy Requirements

The NYDPS will review all proposed transmission need(s) and, with input from the ISO and interested parties, identify the transmission needs, if any, for which specific transmission solutions should be requested and evaluated. The NYDPS will develop procedures to govern the process by which it will review proposed transmission need(s), which procedures shall: ensure that such process is open and transparent, provide the ISO and interested parties a meaningful opportunity to participate in such process, provide input regarding the NYDPS' considerations, and result in the development of a written determination as required by law, inclusive of the input provided by the ISO and interested parties. In addition, the NYDPS may, on its own, identify a transmission need driven by a Public Policy Requirement. Any such transmission need identified by the NYDPS on its own shall be described by the NYDPS in accordance with the requirements for stakeholder submittals set forth in Section 31.4.2, and shall be identified and posted to the ISO's website prior to NYDPS' issuance of the required written statement discussed below in this Section 31.4.2.1 so as to provide the ISO and interested parties an opportunity to provide input to the NYDPS relating thereto.

The ISO shall assist the NYDPS in its analyses as requested. The NYDPS may also request that the ISO, pursuant to Section 3.8.1 of the ISO OATT, conduct an evaluation of alternative options to address the transmission needs.

The NYDPS shall issue a written statement that identifies the relevant Public Policy Requirements driving transmission needs and explains why it has identified the Public Policy Transmission Needs for which transmission solutions will be requested by the ISO. The statement shall also explain why transmission solutions to other suggested transmission needs should not be requested. The NYDPS' statement may also provide additional criteria for the evaluation of transmission solutions and non-transmission projects, and the type of analyses that it will request from the ISO.

If the NYDPS does not identify any transmission needs driven by Public Policy Requirements, it will provide confirmation of that conclusion to the ISO, and the ISO shall not request solutions. The ISO shall post the NYDPS' statement on the ISO's website.

31.4.2.2 Disputes of NYDPS Determinations

Disputes about any NYDPS decision to either accept or deny a proposed transmission need as one for which transmission solutions should be requested will be addressed through the submittal of a petition to the NYPSC for an order finding that an identified proposed transmission need should or should not be evaluated under the ISO Tariff. The NYPSC may also initiate a proceeding on its own motion. A determination of need that is the subject of an appeal proceeding will be held in abeyance pending a final determination of the appeal by the NYPSC. The ISO will post the NYPSC's determination on its website.

31.4.3 Request for Proposed Solutions

The ISO will request specific proposed transmission solutions to a transmission need identified by the NYDPS, including any proposed Interregional Transmission Project that has been identified and evaluated in accordance with the “Analysis and Consideration of Interregional Transmission Projects” section of the Interregional Planning Protocol. The ISO shall also accept specific proposed non-transmission solutions to a Public Policy Transmission Need identified by the NYDPS.

31.4.3.1 Request for Proposed Solutions

Following posting of the NYDPS’ determination, the ISO will provide a 60-day period for Transmission Owners and Other Developers to propose specific solutions, whether transmission or non-transmission, to address the Public Policy Transmission Needs. Any proposed transmission needs that are under appeal at the NYPSC may be addressed with proposed solutions, if required, following the resolution of that appeal by the NYPSC.

31.4.3.2 NYDPS/NYPSC Request for Solutions

To ensure that there will be a response to a Public Policy Transmission Need , the NYDPS/NYPSC may request the appropriate Transmission Owner(s) or Other Developer, as identified by the NYDPS/NYPSC, to propose a transmission solution for a Public Policy Transmission Need. Costs incurred by a Transmission Owner or Other Developer in preparing a proposed transmission solution in response to a request by the NYDPS/NYPSC will be recoverable under Section 31.5.6.

31.4.3.3 Consequences for Other Regions

The ISO will coordinate with the ISO/RTO Regions to identify the consequences of a transmission solution driven by Public Policy Requirements on such neighboring ISO/RTO

Regions using the respective planning criteria of such ISO/RTO Regions. The ISO shall report the results in its Public Policy Transmission Planning Report. The ISO shall not bear the costs of required upgrades in another region.

31.4.4 Eligibility and Qualification Criteria for Developers and Projects

For purposes of fulfilling the requirements of the Developer qualification criteria in this Section 31.4.4 and its subsections, the term “Developer” includes Affiliates, as that term is defined in Section 2 of the ISO Services Tariff and Section 1 of the ISO OATT. To the extent that a Developer relies on Affiliate(s) to satisfy any or all of the qualification criteria set forth in Section 31.4.4.1, the Affiliate(s) shall provide to the ISO: (i) the information required in Section 31.4.4.1 to demonstrate its capability to satisfy the applicable qualification criteria and (ii) a notarized officer’s certificate, signed by an authorized officer of the Affiliate with signatory authority, in a form acceptable to the ISO, certifying that the Affiliate will participate in the Developer’s project in the manner described by the Developer and will abide by the requirements set forth in this Attachment Y, the ISO Tariffs, and ISO Procedures, related and applicable to the Affiliate’s participation.

31.4.4.1 Developer Qualification and Timing

The ISO shall provide each Developer with an opportunity to demonstrate that it has or can draw upon the financial resources, technical expertise, and experience needed to develop, construct, operate, and maintain a transmission solution to a Public Policy Transmission Need. The ISO shall consider the qualification of each Developer in an evenhanded and non-discriminatory manner, treating Transmission Owners and Other Developers alike.

The ISO shall make a determination on the qualification of a Developer to propose to develop a transmission project as a transmission solution to a Public Policy Transmission Need based on the following criteria:

- 31.4.4.1.1 The technical and engineering qualifications and experience of the Developer relevant to the development, construction, operation and maintenance of a transmission facility, including evidence of the Developer's demonstrated capability to adhere to standardized construction, maintenance, and operating practices and to contract with third parties to develop, construct, maintain, and/or operate transmission facilities;
- 31.4.4.1.2 The current and expected capabilities of the Developer to finance, develop and construct a transmission facility and to operate and maintain it for the life of the facility. For purposes of this criteria, the Developer shall provide the ISO a description of transmission facilities (not to exceed ten) that the Developer has previously developed, constructed, maintained or operated and the status of those facilities, including whether the construction was completed, whether the facility entered into commercial operations, whether the facility has been suspended or terminated for any reason, and evidence demonstrating the ability of the Developer to address and timely remedy any operational failure of the facilities;
and
- 31.4.4.1.3 The Developer's current and expected capability to finance, or its experience in arranging financing for, transmission facilities. For purposes of the ISO's determination, the Developer shall provide the ISO:

- (1) evidence of its demonstrated experience financing or arranging financing for transmission facilities, including a description of such projects (not to exceed ten) over the previous ten years, the capital costs and financial structure of such projects, a description of any financing obtained for these projects through rates approved by the Commission or a state regulatory agency, the financing closing date of such projects, and whether any of the projects are in default;
- (2) its audited annual financial statements from the most recent three years and its most recent quarterly financial statement or equivalent information, if available;
- (3) its credit rating from Moody's Investor Services, Standard & Poor's, or Fitch or equivalent information, if available;
- (4) a description of any prior bankruptcy declarations, material defaults, dissolution, merger or acquisition by the Developer or its predecessors or subsidiaries occurring within the previous five years; and
- (5) such other evidence that demonstrates its current and expected capability to finance a project to solve a Public Policy Transmission Need.

Any Developer seeking to be qualified may submit the required information, or update any previously submitted information, at any time. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any non-public financial qualification information that is submitted to the ISO by the Developer under Section 31.4.4.1.3 and is designated by the Developer as "Confidential Information." The ISO shall within 15 days of a Developer's submittal, notify the Developer if the information is incomplete. If the submittal is deemed incomplete, the Developer shall submit the additional information within 30 days of the ISO's request. The ISO shall notify the Developer of its

qualification status within 30 days of receiving all necessary information. A Developer shall retain its qualification status for a three-year period following the notification date; *provided, however,* that the ISO may revoke this status if it determines that there has been a material change in the Developer's qualifications and the Developer no longer meets the qualification requirements. A Developer that has been qualified shall inform the ISO within thirty days of any material change to the information it provided regarding its qualifications and shall submit to the ISO each year its most recent audited annual financial statement when available. At the conclusion of the three-year period or following the ISO's revocation of a Developer's qualification status, the Developer may re-apply for a qualification status under this section.

Any Developer determined by the ISO to be qualified under this section shall be eligible to propose a regulated transmission project as a transmission solution to a Public Policy Transmission Need and shall be eligible to use the cost allocation and cost recovery mechanism for regulated transmission projects set forth in Section 31.5 of this Attachment Y and the appropriate rate schedule for any approved project.

31.4.4.2 Information Requirements for Projects

The ISO shall consider the criteria in Section 31.4.5.1 when determining whether a proposed project is eligible to be offered as a transmission solution to a Public Policy Transmission Need.

31.4.4.3 Timing for Submittal of Project and Developer Qualification Information and Opportunity to Provide Additional Information

The required information for project qualification shall be submitted within 60 days of the NYPSC's determination of a Public Policy Transmission Need. Any Developer that the ISO has determined under Section 31.4.4.1 of this Attachment Y to be qualified to propose to develop

a transmission project as a transmission solution to a Public Policy Transmission Need may submit the required information for project qualification; *provided, however*, that based on the actual identified need that requires resolution, the ISO may request that the qualified Developer provide additional Developer information.

Any Developer that has not been determined by the ISO to be qualified, but that wants to propose to develop a project, must submit to the ISO the information required for Developer qualification under Section 31.4.4.1 within 30 days after a request for solutions is made by the ISO. The ISO shall within 30 days of a Developer's submittal of its Developer qualification information, notify the Developer if this information is incomplete. The Developer shall submit additional Developer or project qualification information required by the ISO within 15 days of the ISO's request. A Developer that fails to submit the additional Developer qualification information or the required project information will not be eligible for its project to be considered in that planning cycle.

31.4.4.4. Application Fee and Study Deposit for Proposed Regulated Transmission Solutions

Within sixty (60) days of the ISO's request for solutions to a Public Policy Transmission Need, a Developer that proposes a regulated transmission solution to satisfy the identified Public Policy Transmission Need shall submit to the ISO, along with the project qualification information required pursuant to Section 31.4.4.3, a non-refundable application fee of \$10,000 and a study deposit of \$100,000. The study deposit shall be applied to study costs and is refundable as described below.

The ISO shall charge, and a Developer proposing a regulated transmission solution shall pay, the actual costs of the ISO's evaluation of the Developer's proposed transmission solution under Sections 31.4.7 and 31.4.8 for purposes of selecting the more efficient or cost effective

transmission solution to satisfy a Public Policy Transmission Need for cost allocation purposes, including costs associated with the ISO's use of third-party consultants. If the ISO conducts study work for multiple proposed transmission solutions on a combined basis, the ISO will allocate the costs of the combined study work equally among the applicable Developers.

The ISO shall invoice the Developer monthly for any costs incurred by the ISO in the prior month in evaluating the Developer's proposed transmission solution under Sections 31.4.7 and 31.4.8. Such invoice shall include a description of the costs incurred and invoiced by the ISO. The Developer shall pay the invoiced amount within thirty (30) calendar days of the ISO's receipt of the monthly invoice. The ISO shall continue to hold the full amount of the study deposit until settlement of the final monthly invoice. After the conclusion of the ISO's evaluation of the Developer's proposed transmission solution or if the Developer withdraws its proposed transmission solution, the ISO shall issue a final invoice and refund to the Developer any portion of the Developer's study deposit that exceeds outstanding amounts that the ISO has incurred in evaluating that Developer's proposed transmission solution. The ISO shall refund the remaining portion within sixty (60) days of the ISO's receipt of all final invoices from its consultants and involved Transmission Owners.

In the event of a Developer's dispute over invoiced amounts, the Developer shall: (i) timely pay any undisputed amounts to the ISO, and (ii) pay into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Developer fails to meet these two requirements, then the ISO shall not be obligated to perform or continue to perform its evaluation of the Developer's proposed transmission solution. Disputes arising under this section shall be addressed through the Dispute Resolution Procedures set forth in Section 2.16 of the ISO OATT and Section 11 of the ISO Services Tariff. Within thirty (30) Calendar

Days after resolution of the dispute, the Developer will pay the ISO any amounts due with interest calculated in accordance with Section 35.19a(a)(2) of FERC's regulations.

31.4.5 Actual Project Proposals

The ISO will process all project proposals for transmission solutions for Public Policy Transmission Needs.

31.4.5.1 Project Information Requirements

Any Developer seeking to offer a transmission solution for Public Policy Transmission Needs must provide, at a minimum, the following details: (1) contact information; (2) the lead time necessary to complete the project, including, if available, the construction windows in which the Developer can perform construction and what, if any, outages may be required during these periods; (3) a description of the project, including type, size, and geographic and electrical location, as well as planning and engineering specifications as appropriate; (4) evidence of a commercially viable technology; (5) a major milestone schedule; (6) a schedule for obtaining any required permits and other certifications; (7) a demonstration of Site Control or a schedule for obtaining such control; (8) status of any contracts (other than an Interconnection Agreement) that are under negotiations or in place; (9) status of ISO interconnection studies and interconnection agreement; (10) status of equipment availability and procurement; (11) evidence of financing or ability to finance the project; (12) capital cost estimates for the project; (13) a description of permitting or other risks facing the project at the stage of project development, including evidence of the reasonableness of project cost estimates all based on the information available at the time of the submission; and (14) any other information requested by the ISO.

A Developer shall submit the following information to indicate the status of any contracts: (i) copies of all final contracts the ISO determines are relevant to its consideration, or

(ii) where one or more contracts are pending, a timeline on the status of discussions and negotiations with the relevant documents and when the negotiations are expected to be completed. The final contracts shall be submitted to the ISO when available. The ISO shall treat on a confidential basis in accordance with the requirements of its Code of Conduct in Attachment F of the ISO OATT any contract that is submitted to the ISO and is designated by the Developer as “Confidential Information.”

A Developer shall submit the following information to indicate the status of any required permits: (i) copies of all final permits received that the ISO determines are relevant to its consideration, or (ii) where one or more permits are pending, the completed permit application(s) with information on what additional actions must be taken to meet the permit requirements and a timeline providing the expected timing for finalization and receipt of the final permit(s). The final permits shall be submitted to the ISO when available.

A Developer shall submit the following information, as appropriate, to indicate evidence of financing by it or any Affiliate upon which it is relying for financing: (i) evidence of self-financing or project financing through approved rates or the ability to do so, (ii) copies of all loan commitment letter(s) and signed financing contract(s), or (iii) where such financing is pending, the status of the application for any relevant financing, including a timeline providing the status of discussions and negotiations of relevant documents and when the negotiations are expected to be completed. The final contracts or approved rates shall be submitted to the ISO when available.

Failure to provide any data requested by the ISO within the timeframe provided in Section 31.4.4.3 of this Attachment Y will result in the rejection of the proposed solution from further consideration during that planning cycle.

31.4.6 ISO Evaluation of Proposed Solutions to Public Policy Transmission Needs

31.4.6.1 Evaluation Time Period

The ISO will study a proposed project using the RNA Base Case and compensatory MWs as needed to resolve the Reliability Needs over the ten-year Study Period. The ISO will extend the most recent reliability and economic planning models for modeling solutions for Public Policy Transmission Needs by up to an additional twenty years following the Study Period, as appropriate based upon the Public Policy Requirement and the identified Public Policy Transmission Need.

31.4.6.2 Comparable Evaluation of All Proposed Solutions

The ISO shall evaluate any proposed solution submitted by a Developer to a Public Policy Transmission Need. The ISO will evaluate whether each proposed solution is viable pursuant to Section 31.4.6.3 below and is sufficient to satisfy the Public Policy Transmission Need by the need date pursuant to Section 31.4.6.4. The proposed solution may include multiple components and resource types. When evaluating proposed solutions to a Public Policy Transmission Need from any Developer, the ISO shall consider all resource types – including generation, transmission, demand response, or a combination of these resource types – on a comparable basis as potential solutions. All solutions will be evaluated in the same general time frame.

31.4.6.3 Evaluation of Viability of Proposed Solution

The ISO will determine the viability of a solution – transmission, generation, demand response, or a combination of these resource types – proposed to satisfy a Public Policy Transmission Need. For purposes of its analysis, the ISO will evaluate whether: (i) the

Developer has provided the required Developer qualification data pursuant to Section 31.4.4 and the required project information data under Section 31.4.5.1; (ii) the proposed solution is technically practicable; (iii) the Developer has indicated possession of, or an approach for acquiring, any necessary rights-of-way, property, and facilities that will make the proposal reasonably feasible in the required timeframe; and (iv) the proposed solution can be completed in the required timeframe. If the ISO determines that the proposed solution is not viable, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.4.6.4 Evaluation of Sufficiency of Proposed Solution

The ISO will evaluate each proposed solution – transmission, generation, demand response, or a combination of these resource types – to confirm that the proposed solution satisfies the Public Policy Transmission Need. The ISO will evaluate each solution independently to measure the degree to which the proposed solution satisfies the Public Policy Transmission Need, including the evaluation criteria provided by the NYPSC/NYDPS. If the ISO determines that the proposed solution is not sufficient, the ISO shall reject the proposed solution from further consideration during that planning cycle.

31.4.6.5 ISO Report of Evaluation Results

The ISO will present the results of its viability and sufficiency analysis to stakeholders, interested parties, and the NYDPS for comment. The ISO shall report in the Public Policy Transmission Planning Report the results of its evaluation under this Section 31.4.6 of whether each proposed solution is viable and is sufficient to satisfy the identified Public Policy Transmission Need by the need date.

31.4.7 Evaluation of Proposed Regional Transmission Solution as More Efficient or Cost Effective Solution on the Bulk Power Transmission Facilities to Address Needs Driven by Public Policy Requirement Identified in Local Transmission Plan

The ISO will review the LTPs as they relate to the BPTFs. The ISO, using engineering judgment, will determine whether any proposed regional transmission solution on the BPTFs more efficiently or cost-effectively satisfies any needs driven by a Public Policy Requirement identified in the LTPs. If the ISO identifies that a regional transmission solution has the potential to more efficiently or cost effectively satisfy the needs driven by a Public Policy Requirement identified in the LTPs, it will perform a sensitivity analysis to determine whether the proposed regional transmission solution on the BPTFs would satisfy the needs driven by a Public Policy Requirement identified in the LTPs. If the ISO determines that the proposed regional transmission solutions would satisfy the need, the ISO will evaluate the proposed regional transmission solution using the metrics set forth in Section 31.4.8.1 below to determine whether it may be a more efficient or cost effective solution on the BPTFs to the needs driven by a Public Policy Requirement identified in the LTPs than the local solutions proposed in the LTPs. The ISO will include the results of its analysis in its Public Policy Transmission Planning Report, as approved by the ISO Board.

31.4.8 ISO Selection of More Efficient or Cost Effective Transmission Solution to Satisfy a Public Policy Transmission Need

A proposed regulated transmission solution submitted by a Transmission Owner or Other Developer that the ISO has determined satisfies the viability and sufficiency requirements in Section 31.4.6 shall be eligible under this Section 31.4.8 for selection in the Public Policy Transmission Planning Report for the purpose of cost allocation under the ISO Tariffs. The ISO shall evaluate any eligible proposed regulatory transmission solutions for the public policy

planning cycle using the metrics set forth in Section 31.4.8.1 below. For purposes of this evaluation, the ISO will review the information submitted by the Developer and determine whether it is reasonable and how such information should be used for purposes of the ISO evaluating each metric. The ISO may engage an independent consultant to review the reasonableness and comprehensiveness of the information submitted by the Developer and may rely on the independent consultant's analysis in evaluating each metric. The ISO shall select in the Public Policy Transmission Planning Report for cost allocation purposes the more efficient or cost effective transmission solution to satisfy a Public Policy Transmission Need in the manner set forth in Section 31.4.8.2 below.

31.4.8.1 Metrics for Evaluating More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Public Policy Transmission Need

In determining which of the eligible proposed regulated transmission solutions is the more efficient or cost effective solution to satisfy the Public Policy Transmission Need, the ISO will consider, and will consult with the NYDPS regarding, the metrics set forth below in this Section 31.4.8.1 and rank each proposed solution based on the quality of its satisfaction of these metrics:

31.4.8.1.1 The capital cost estimates for the proposed regulated transmission solutions, including the accuracy of the proposed estimates. For this evaluation, the Developer shall provide the ISO with credible capital cost estimates for its proposed solution, with itemized supporting work sheets that identify all material and labor cost assumptions, and related drawings to the extent applicable and available. The work sheets should include an estimated quantification of cost variance, providing an assumed plus/minus range around the capital cost estimate.

The estimate shall include all components that are needed to meet the Public Policy Transmission Need. To the extent information is available, the Developer should itemize: material and labor cost by equipment, engineering and design work, permitting, site acquisition, procurement and construction work, and commissioning needed for the proposed solution, all in accordance with Good Utility Practice. For each of these cost categories, the Developer should specify the nature and estimated cost of all major project components and estimate the cost of the work to be done at each substation and/or on each feeder to physically and electrically connect each facility to the existing system. The work sheets should itemize the extent applicable and available all equipment for: (i) the proposed project, (ii) interconnection facilities (including Attachment Facilities and Direct Assignment Facilities), and (iii) System Upgrade Facilities, System Deliverability Upgrades, Network Upgrades, and Distribution Upgrades.

- 31.4.8.1.2 The cost per MW ratio of the proposed regulated transmission solutions. For this evaluation, the ISO will first determine the present worth, in dollars, of the total capital cost of the proposed solution in current year dollars. The ISO will then determine the cost per MW ratio by dividing the capital cost by the MW value of increased transfer capability.
- 31.4.8.1.3 The expandability of the proposed regulated transmission solution. The ISO will consider the impact of the proposed solution on future construction. The ISO will also consider the extent to which any subsequent expansion will continue to use this proposed solution within the context of system expansion.

- 31.4.8.1.4 The operability of the proposed regulated transmission solution. The ISO will consider how the proposed solution may affect additional flexibility in operating the system, such as dispatch of generation, access to operating reserves, access to ancillary services, or ability to remove transmission for maintenance. The ISO will also consider how the proposed solution may affect the cost of operating the system, such as how it may affect the need for operating generation out of merit for reliability needs, 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.
- 31.4.8.1.5 The performance of the proposed regulated transmission solution. The ISO will consider how the proposed project may affect the utilization of the system (e.g. interface flows, percent loading of facilities).
- 31.4.8.1.6 The extent to which the Developer of a proposed regulated transmission solution has the property rights, or ability to obtain the property rights, required to implement the solution. The ISO will consider whether the Developer: (i) already possesses the rights of way necessary to implement the solution; (ii) has completed a transmission routing study, which (a) identifies a specific routing plan with alternatives, (b) includes a schedule indicating the timing for obtaining siting and permitting, and (c) provides specific attention to sensitive areas (e.g., wetlands, river crossings, protected areas, and schools); or (iii) has a specified a plan or approach for determining routing and acquiring property rights.
- 31.4.8.1.7 The potential issues associated with delay in constructing the proposed regulated transmission solution consistent with the major milestone schedule and

the schedule for obtaining any permits and other certifications as required to timely meet the need.

31.4.8.1.8 The ISO shall apply any criteria specified by the Public Policy Requirement or provided by the NYDPS/NYPSC and perform the analyses requested by the NYDPS/NYPSC, to the extent compliance with such criteria and analyses are feasible.

31.4.8.1.9 The ISO, in consultation with stakeholders, shall, as appropriate, consider other metrics in the context of the Public Policy Requirement, such as: change in production costs; LBMP; losses; emissions; ICAP; TCC; congestion; impact on transfer limits; and deliverability.

31.4.8.2 ISO Selection of More Efficient or Cost Effective Regulated Transmission Solution to Satisfy Public Policy Transmission Need

The ISO shall identify under this Section 31.4.8 the proposed regulated transmission solution, if any, that is the more efficient or cost effective transmission solution proposed in the public policy planning cycle to satisfy the Public Policy Transmission Need. The ISO shall include the more efficient or cost effective transmission solution in the Public Policy Transmission Planning Report. The Developer of a regulated transmission project shall be eligible to recover costs for the project only if the project is selected by the ISO, provided that the Developer may recover costs as determined by the Commission. Costs will be recovered when the project is completed pursuant to a rate schedule filed with and accepted by the Commission in accordance with the cost recovery requirements set forth in Section 31.5.6.5, or as otherwise determined by the Commission. Actual project cost recovery, including any issues related to cost recovery and project cost overruns, will be submitted to and decided by the Commission.

31.4.9 Evaluation of Impact of Proposed Transmission Solution on ISO Wholesale Electricity Markets

The ISO shall evaluate using the metrics set forth in Section 31.4.8.1.9 the impacts on the ISO-administered wholesale electricity markets of a proposed transmission solution that the ISO has determined under Section 31.4.6 is viable and sufficient. The ISO shall include the results of its analysis in the Public Policy Transmission Planning Report.

31.4.10 Public Policy Transmission Planning Report

Following the ISO's evaluation of the proposed solutions to Public Policy Transmission Need(s), the ISO will prepare a draft Public Policy Transmission Planning Report that sets forth the ISO's assumptions, inputs, methodologies and the results of its analyses. The draft Public Policy Transmission Planning Report will reflect any input from the NYDPS.

The ISO will include in the draft Public Policy Transmission Planning Report the list of Developers and projects that qualify pursuant to Sections 31.4.4 and 31.4.5 and will identify the proposed solutions that it has determined under Section 31.4.6 are viable and sufficient to satisfy the identified Public Policy Transmission Need(s). The draft Public Policy Transmission Planning Report shall also include the regulated transmission solution, if any, that the ISO staff recommends for selection for cost allocation purposes pursuant to Section 31.4.8 as the more efficient or cost effective transmission solution to satisfy the Public Policy Transmission Need(s). The draft Public Policy Transmission Planning Report will also include the results of the ISO's analysis of the LTPs consistent with Section 31.4.7.

The draft Public Policy Transmission Planning Report shall include a comparison of a proposed regional solution to an identified Public Policy Transmission Need to an Interregional Transmission Project, if any, identified and evaluated under the "Analysis and Consideration of Interregional Transmission Projects" section of the Interregional Planning Protocol. An

Interregional Transmission Project proposed in the ISO's Public Policy Transmission Planning Process may be selected as a regulated transmission solution under the provisions of this process.

31.4.10.1 Collaborative Governance Process

The draft Public Policy Transmission Planning Report shall be submitted to both TPAS and the ESPWG for review and comment. Concurrently, the draft report will be provided to the Market Monitoring Unit for its review and consideration. The Market Monitoring Unit's evaluation will be provided to the Management Committee prior to the Management Committee's advisory vote. The ISO shall make available to any interested party sufficient information to replicate the results of the draft Public Policy Transmission Planning Report. The information made available will be electronically masked and made available pursuant to a process that the ISO reasonably determines is necessary to prevent the disclosure of any Confidential Information or Critical Energy Infrastructure Information contained in the information made available. Following completion of that review, the draft report reflecting the revisions resulting from the TPAS and ESPWG review shall be forwarded to the Business Issues Committee and the Management Committee for discussion and an advisory vote.

31.4.10.2 Board Review, Consideration, and Approval of Public Policy Transmission Planning Report

Following the Management Committee vote, the draft Public Policy Transmission Planning Report, with Business Issues Committee and Management Committee input, will be forwarded to the ISO Board for review and action. Concurrently, the Market Monitoring Unit's evaluation will be provided to the Board. The Board may approve the Public Policy Transmission Planning Report as submitted or propose modifications on its own motion, including a determination not to select a transmission project to satisfy the Public Policy

Transmission Need. If any changes are proposed by the Board, the revised report shall be returned to the Management Committee for comment. The Board shall not make a final determination on a revised report until it has reviewed the Management Committee comments. Upon approval by the Board, the ISO shall issue the report to the marketplace by posting it on its website.

The responsibilities of the Market Monitoring Unit that are addressed in the above Section of Attachment Y to the ISO OATT are also addressed in Section 30.4.6.8.5 of the Market Monitoring Plan, Attachment O to the ISO Services Tariff.

31.4.11 ISO Monitoring of Selected Transmission Projects

The ISO shall monitor transmission projects selected by the ISO as the more efficient or cost effective transmission solutions to Public Policy Transmission Needs to confirm that they continue to develop consistent with the conditions, actions, or schedules for the transmission projects.

31.4.12 Posting of Approved Solutions

The ISO shall post on its website a list of all Developers who have accepted the terms and conditions of an Article VII certificate under the New York Public Service Law, or any successor statute, or any other applicable permits to build a project in response to a need driven by a Public Policy Requirement.

31.4.13 Confidentiality of Solutions

31.4.13.1 The term “Confidential Information” shall include all proposed solutions to Public Policy Transmission Needs that are submitted to the ISO in response to

a request for solutions under Section 31.4.3 of this Attachment Y if the Developer of that solution designates the solution as “Confidential Information.”

31.4.13.2 The ISO shall maintain the confidentiality of the Developer’s proposed solution and plans designated as “Confidential Information” until the ISO determines that the Developer’s proposed solution and plans are viable and sufficient to meet the Public Policy Transmission Need and the Developer consents to the ISO’s inclusion of the proposed solution in the Public Policy Transmission Planning Report. Thereafter, the ISO shall disclose the proposed solution to Market Participants. However, any preliminary cost estimates that may have been provided to the ISO shall not be disclosed.