

FOR CONSIDERATION

August 11, 2021

TO: The Oversight and Clean Energy Committee

FROM: Thomas Falcone

SUBJECT: Recommendation to Approve the Annual Report on the Board Policy on Public Policy Transmission Planning

Requested Action

The Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (“the Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending approval of the annual report on the Board Policy on Public Policy Transmission Planning (“the Policy”), which resolution is attached as **Exhibit “A.”**

Background

By Resolution No. 1540, dated June 24, 2020, the Board approved amendments to the Policy that, among other things, directed the CEO to report annually on LIPA’s evaluation of public policy transmission needs. LIPA Staff has reviewed the Policy and does not recommend any changes at this time. Since the June 2020 report, LIPA has participated in the 2020-2021 biennial planning cycle for the determination of public policy transmission needs.

LIPA’s 2020-2021 Evaluation

In August 2020, the New York Independent System Operator (“NYISO”) issued its biennial solicitation for proposed transmission needs that might be driven by Public Policy Requirements.¹ In response to that solicitation, PSEG Long Island submitted its recommended Public Policy Transmission Needs (“PPTN”), which include a need for one or more ties from Long Island to Westchester/New York City and backbone upgrades from East Garden City to Ruland Road as a result of the Off-Shore Wind Standard (“OSW”) articulated in the Climate Leadership and Community Protection Act (“CLCPA”). A total of 12 PPTN proposals involving the Long Island transmission system were referred to LIPA in October 2020.²

LIPA evaluated the 12 proposals and concluded “that the following transmission needs constitute a Public Policy Transmission Need in the Long Island Transmission District that is driven by Public Policy Requirements:

¹ A Public Policy Requirement is defined as a federal or New York State statute or regulation, including a New York Public Service Commission order, adopting a rule or regulation, that may relate to transmission planning for the New York State Bulk Power Transmission Facilities.

² The proposals were from the following: Anbaric Development Partners, LLC; AVANGRID, Inc.; City of New York; Con Edison Transmission, Inc.; LS Power Grid New York, LLC; Nextera Energy Transmission New York; NY Transco; New York Power Authority; New York Transmission Owners; Orsted US Offshore Wind; PSEG Long Island; and Transource Energy, LLC.

- Adding at least one bulk transmission intertie cable to increase the export capability of the LIPA-Con Edison interface, that connects NYISO’s Zone K to Zones I and J.
- Upgrading associated local transmission facilities to accompany the expansion of the proposed OSW export capability. Such upgrades would include increasing capacity on portions of the existing 138 kV transmission “backbone” between the Ruland Road and East Garden City substations and converting that path to 345 kV.”

In March 2021, the Public Service Commission (“PSC”) designated one or more Long Island ties to New York City as a PPTN pursuant to the CLCPA, but declined to classify the backbone upgrade from East Garden City to Ruland Road as a PPTN, preferring to allow the NYISO evaluation process to determine such local upgrades (“the March Order”).³

In the March Order, the PSC directed the NYISO to allocate the costs of Long Island ties 75% to congestion beneficiaries and to share 25% of costs statewide. In April 2021, LIPA submitted a petition for rehearing, arguing for 100% statewide load ratio cost allocation, noting that congestion beneficiaries are highly speculative, while the principal benefit of the new tie(s) would reduce OSW interconnection costs. Such benefits will flow to the purchasers of Offshore Wind Renewable Energy Certificates, which are to be allocated statewide on a load ratio cost allocation. The PSC has not yet issued a decision on LIPA’s petition⁴.

In May 2021, NYISO began the process of identifying the constraints on the Long Island and New York City systems that proposed projects would need to be addressed to meet the identified PPTN. As part of that process, utilities and merchant transmission developers are entitled to qualify as “developers” if they wish to be eligible to construct the PPTN project or associated local upgrades. LIPA is in the process of qualifying to be a developer, should a local upgrade be identified that involves an existing LIPA transmission facility. The NYISO tariff gives LIPA the right of first refusal to construct such upgrades.

Recommendation

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

Attachment

Exhibit “A” Resolution

³ PSC Case 20-E-0497- In the Matter of New York Independent System Operator, Inc.'s Proposed Public Policy Transmission Needs for Consideration for 2020 Transmission Planning Cycle.

⁴ A similar petition was filed by Consolidated Edison and Orange & Rockland Utilities.

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON PUBLIC POLICY TRANSMISSION PLANNING

WHEREAS, the Board Policy on Public Policy Transmission Planning (“the Policy”) was originally approved by Resolution No. 1414, dated May 23, 2018; and

WHEREAS, the Policy was last amended by Resolution No. 1540, dated June 24, 2020; and

WHEREAS, the Oversight and Clean Energy Committee (the “Committee”) of the Board of Trustees (the “Board”) has conducted an annual review of the Policy and affirms that the Policy has been complied with.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that LIPA has complied with the Policy for the period since the last annual review and recommends approval of the annual report to the Board.

Dated: August 11, 2021