

FOR CONSIDERATION

September 28, 2022

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Annual Report on the Board Policy on Public Policy Transmission Planning

The Board of Trustees (“the Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution: (i) approving the Annual Report on the Board Policy on Public Policy Transmission Planning (“the Policy”); and (ii) finding that LIPA has complied with the Policy, which resolution is attached as **Exhibit “A.”**

Background

The Board originally approved the Policy on Public Policy Transmission Planning in May 2018. The Policy was last amended on June 24, 2020. LIPA Staff has reviewed the Policy for this year’s annual review and recommends no changes at this time.

In August 2020, the New York Independent System Operator (“NYISO”) issued its 2020-2021 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

By letter dated February 3, 2021, LIPA recommended to the New York Public Service Commission (“PSC”) that a need existed for at least one new bulk transmission intertie between the LIPA and Con Edison systems to enable export of offshore wind generation to the rest of New York State, in support of the Off-Shore Wind Standard (“OSW”) articulated in the Climate Leadership and Community Protection Act (“CLCPA”).

In March 2021, the PSC designated one or more Long Island ties to New York City or Westchester County as a PPTN pursuant to the CLCPA (“the March 2021 Order”).³

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.

³ 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, *Order Addressing Public Policy Requirements for Transmission Planning Purposes* (issued March 19, 2021) (March 2021 Order).

Subsequently, NYISO commenced a solicitation for proposals to fulfill the Long Island Offshore Wind Export PPTN (“LI PPTN”).

In the March 2021 Order, the PSC directed the NYISO to allocate 75% of the costs of Long Island ties to congestion beneficiaries and to share 25% of costs statewide. In April 2021, LIPA and Con Edison/O&R submitted petitions 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.

Recent Developments

In October 2021, NYISO received 19 proposals from four sets of proposers addressing the LI PPTN and began to evaluate the viability and sufficiency of these projects, in accordance with the NYISO tariff. PSEG Long Island also began to consult with NYISO with respect to interconnection of the proposed projects.

In March 2022, NYISO determined that 17 of the 19 proposals were viable and sufficient, i.e., they met the technical requirements of the LI PPTN and had no evident inability to be permitted or constructed. Any cost, design, or operability issues would be reviewed by NYISO in the pending Evaluation and Selection phase of their process.

In May 2022, the PSC issued an order on rehearing, agreeing with LIPA and the other petitioners that the costs of the LI PPTN should be shared on a statewide load ratio basis.⁴ This decision saved Long Island customers from an unwarranted cost shift of millions of dollars per year.

As of July 2022, the NYISO began the Evaluation and Selection phase of their process assessing the proposals submitted. In determining which of the eligible Public Policy Transmission Projects is the more efficient or cost-effective solution to satisfy the PPTN, the NYISO will consider the Public Policy Transmission Project’s total performance under all the selection metrics in making its determination.⁵ These metrics include the expandability, operability and performance of the solution, availability of property rights, schedule for project completion, and potential issues associated with delay.⁶ Accordingly, LIPA as Connecting Transmission Owner, pursuant to Attachment P of the NYISO Open Access Transmission Tariff (OATT), continues to work with NYISO to identify constructability, risk, and operability issues, as well as issues of poor system design. NYISO has reported it expects to complete its evaluation process by January 2023.

In light of the ongoing LI PPTN process, NYISO postponed the start of its 2022-23 public policy transmission planning cycle to August 31, 2022, requesting that proposed transmission needs be submitted by October 31, 2022. PSEG Long Island has begun evaluating potential needs beyond those being addressed by the LI PPTN solicitation. It is expected that ongoing studies of the State’s power grid will highlight the need for additional transmission on Long Island to enable the interconnection of more than the 3-6 GW of potential OSW projects for which the LI PPTN

⁴ Case 20-E-0197 - In the Matter of New York Independent System Operator, Inc.'s Proposed Public Policy Transmission Needs for Consideration for 2020 Transmission Planning Cycle, *Order on Petitions for Rehearing* (issued May 16, 2022)

⁵ NYISO OATT Attachment Y Section 31.4.8.1

⁶ NYISO OATT, Attachment Y Section 31.4.8.1

is being evaluated.

In August 2022, LIPA and other New York transmission owners submitted comments in response to a Notice of Proposed Rulemaking issued by the Federal Energy Regulatory Commission with regard to public policy transmission planning (“FERC NOPR”). The FERC NOPR, among other things, proposed to modify planning procedures for identifying and addressing public policy transmission needs within and between states and regions. It is anticipated that any national public policy transmission planning process changes would take place after the current LI PPTN process is completed. LIPA and PSEG Long Island will continue to monitor developments at FERC and NYISO.

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

RESOLUTION APPROVING 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 Board of Trustees 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 Board of Trustees hereby finds that the Long Island Power Authority has complied with the Policy for the period since the last annual review and approves the annual report to the Board.

Dated: September 28, 2022