

FOR CONSIDERATION

September 27, 2023

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 March 2021, the New York Public Service Commission (“PSC”) declared that increasing Long Island’s interconnections with New York City and Westchester County is a Public Policy Transmission Need (“PPTN”) driven by the interconnection of offshore wind¹. Thereafter, the New York Independent System Operator (“NYISO”) solicited proposals for transmission projects to satisfy the Long Island Offshore Wind Export PPTN (“LI PPTN”). The NYISO received 19 proposals from four developers addressing the LI PPTN, that ranged in cost from \$2 billion to \$17 billion. While the LI PPTN process was ongoing, NYISO commenced the start of its 2022-23 public policy transmission planning cycle on August 31, 2022. LIPA and PSEG Long Island evaluated potential needs beyond those being addressed by the LI PPTN solicitation and determined that an additional PPTN could not reasonably be ascertained until after selection was complete for the LI PPTN².

Recent Developments

NYISO’s evaluation of the LI PPTN proposals continued into 2023. In selecting a project to satisfy the LI PPTN, the NYISO considered each proposal’s total performance under all the selection metrics in making its determination.³ These metrics include cost, expandability, operability and performance, availability of property rights, schedule for project completion, and potential issues associated with delay⁴. LIPA as the transmission owner responsible to interconnect the LI PPTN to the Long Island grid, worked with NYISO to identify constructability, risk, and operability issues, as well as issues of poor system design. NYISO completed its evaluation process in May 2023, recommending that the NYISO Board select the Propel⁵ T051 proposal, a \$3.3 billion project

¹ Case 20-E-0497, In the Matter of New York Independent System Operator, Inc.’s Proposed Public Policy Transmission Needs for Consideration for 2020 (issued March 18, 2021).

² On June 22, 2023, the PSC established a 2022 PPTN, identifying the need for at least 4,770 MW of new OSW interconnection for NYC.

³ NYISO OATT Attachment Y Section 31.4.8.1

⁴ NYISO OATT, Attachment Y Section 31.4.8.1

⁵ Propel is a consortium of New York Transco and the New York Power Authority.

designed to accommodate up to 4,300 MW of offshore wind interconnecting to Long Island, an amount nearly double the total of projects currently under contract. Its selection was ratified by the NYISO Board of Directors in June 2023.

The Propel T051 project consists of three new 345 kV submarine cables crossing the Long Island Sound, as well as several new underground 345 kV cables within the LIPA system and associated upgrades to existing 138 kV lines. The new underground cables will connect the Barrett and East Garden City substations and the Syosset and Shore Road substations. Planned upgrades include expanding the capacity of existing lines between Syosset, Greenlawn and Hauppauge. In accordance with the NYISO tariff, LIPA has agreed to construct and own the upgrades within its system. Propel NY will construct and own the new 345 kV lines. PSEG Long Island is working with NYISO and Propel NY on the necessary development agreements that will govern the construction of these facilities. Planned capital expenditures are estimated to total approximately \$200 million and will be presented to the Trustees as part of the 2024 capital budget.

In accordance with the statewide load-ratio share cost allocation approved by the PSC in 2022, the cost of the LIPA upgrades will be recovered from all customers across the state through a separate schedule in the NYISO tariff.

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 reviewed and 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 27, 2023