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Audrey Zibelman, Chair

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PSC Invokes Public Policy Planning Process for Transmission Lines — Commission Identifies Need to Improve Transmission Circuits in Western NY —

NEW YORK — The New York State Public Service Commission (Commission) today adopted a public policy requirement related to the potential need for additional transmission capability in Western New York. The adoption of this new requirement stems from an ongoing proceeding to establish procedures for the identification of public policy requirements that will be factored into future energy infrastructure planning.

“While the Commission already considers many factors in its consideration of infrastructure needs, system reliability and efficiency, and environmental and health impacts our action today aligns infrastructure planning with specific public policies,” said Commission Chair Audrey Zibelman. “We believe the improved process will result in better system reliability, greater protection from storm-related outages, increased fuel diversity, reduced reliance on natural gas, increased competition, reduced congestion and lower energy prices, greater environmental benefits and more integration of renewable energy.”

Today’s decision stems from a proceeding the Commission initiated last year to establish procedures that it would use to identify any transmission needs driven by public policy requirements that warrant referral to the New York Independent System Operator (NYISO) for project-specific evaluation.

The NYISO process includes new assessments required by the Federal Energy Regulatory Commission (FERC) in order to ensure that public policies are considered in system planning. The NYISO relies on the Commission for the identification of the public policy requirements that should be addressed in its studies. Previously, the NYISO did not have a process that would accept for evaluation transmission projects solely for addressing a proposed or established public policy requirements, such as system reliability, efficiency, reduced environmental and health impacts, and job growth.

As the New York State Transmission Assessment and Reliability Study (STARS) report highlighted, New York’s aging bulk transmission system poses a significant reliability risk. Of the 11,086 miles of transmission in New York (115 kV and above), the STARS study concluded that nearly 4,700 miles, or over 42 percent, of the State’s transmission will need to be replaced within the next 30 years. In particular, key bulk power transmission lines are due for replacement within the next 10 years. The base cost of replacing these facilities in-kind will be required whether or not the system is upgraded.

According to the NYISO, the exposure to age-related retirements of New York’s generating fleet, the need to address environmental impacts, the expansion of renewable generation upstate, and the aging of New York’s transmission facilities all point out the critical need for investment in the electric

transmission infrastructure. Because it will take up to 10 years to plan, design, license and construct these transmission upgrades, it is vital that the Commission determine that there is a need for transmission upgrades in New York and to expedite its siting of system upgrades.

In its decision today, the Commission determined transmission projects in Western New York that fulfill such public policy requirements will now become eligible for cost recovery through the NYISO's tariff if they are selected by the NYISO as the more efficient or cost-effective solution. Transmission projects will still need to obtain necessary approvals for siting, construction, and operation, as appropriate. The Commission retains its jurisdiction to approve a non-transmission project over a transmission proposal, if it finds a generation or demand-side solution is preferable.

Designating western New York congestion relief as a public policy requirement will enable the NYISO to solicit potential project solutions and undertake an initial analysis of the project's viability and sufficiency. This information would then be used by the Commission in considering whether a transmission project should proceed to further analysis by the NYISO, or whether a non-transmission alternative should be pursued. Meanwhile, the Commission decided it would not adopt, at this time, other proposed public policy requirements for other regions. This decision does not impact the ongoing Alternating Current Transmission Upgrades proceeding, which is on a separate review track.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 14-E-0454 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.