

AC Transmission Upgrades Proceeding  
Case 12-T-0502

April PSC Session

April 18, 2013

# Background

- PSC November 30 Order Instituting Proceeding
  - Goal: Achieve EH Blueprint congestion reduction objectives at least cost : 1000 MW of increased **AC** capability from upstate to downstate
  - To help identify the future process for the proceeding, solicited Statements of Intent to be filed by January 25

# Statements of Intent

- 16 project proposals received from 6 entities including NY utilities and independent developers
  - New York Transco, NextEra, North American Transmission (LS Power), Boundless Energy, Cricket Valley, West Point Partners
- Proposals covered three major routes: Southern Tier, Hudson Valley, Marcy South

# Benefits of AC Transmission

- Benefits include reliability, economic, environmental and economic development, some quantifiable and some not
  - Enhances system reliability through increased resilience and flexible operation
  - Allows easier entry/exit of generation
  - Reduces system congestion
  - Allows rebuilding of aging infrastructure at a lower cost than with congestion

# Benefits of AC Transmission (cont.)

- Encourages upstate development of generation where siting and extension of gas lines is easier and less expensive
- Environmental benefits through utilization of more efficient generation reduces air emissions, particularly NO<sub>x</sub>, SO<sub>x</sub> and CO<sub>2</sub>
- Contributes as a resource towards IP retirement associated deficiency need
- **Economic Development**
  - Promotes job growth and overall economic activity increases
  - Increases revenues to upstate generators including wind
  - Augments and strengthens property tax base

# Analysis of the SOIs

- ISO Screening Level Analysis
  - AC Projects Only
  - 5 Portfolios of Projects – meet 1000 MW goal?
    - NY Transco
    - NextEra AC
    - NAT proposed portfolio (their project plus Leeds-PV, Rock Tavern-Ramapo, Marcy S series compensation, Fraser-Coopers Corner reconductoring)
    - Boundless North-South
    - Boundless West-East

# Analysis of the SOIs

- Results:
  - While the Southern Tier proposal was creative, it does not significantly increase UPNY-SENY transfers
  - The projects on the other two routes show significant increase in transfer capability on both interfaces of concern
  - There are options as to how capability can be increased

# Opportunity Presented

- Variety of potential solutions
- Incumbent and non-incumbent transmission developers
- Can existing Article VII process be structured to allow for comparative review of competing proposals?

# Recommended Process

- Commission can adapt Article VII tool kit to compare effectiveness and costs of different proposals
- Establish common deadline for initial applications – October 1, 2013
- Provide notice to communities and intervenor funding at that time

# Recommended Process

- Conduct scoping for all projects
- ALJ then establishes overall schedule and deadline for submission of complete applications
- ALJ will determine which issues will be evaluated on a common record and which are unique to individual projects

# Additional Steps

- Modifications to existing Article VII regulations likely to be necessary
  - Staff will propose changes and present recommendation
- Multi-agency technical conference
  - Assist developers and public in preparing for applications and scoping
  - One or more, as needed

# Goal of Process

- Identify projects that qualify for Article VII certificates
- Identify portfolio that maximizes benefits sought in this proceeding at least cost and risk to ratepayers
- Provide funding for “best” projects, in accordance with cost recovery/cost allocation methodologies

# Cost Recovery and Allocation

- How should costs be recovered and allocated for the preferred projects? How should project risks be allocated between developers and customers?
- What mechanism would be available to provide cost recovery for a transmission developers who do not have customers?
- Staff will present a straw proposal on these issues for comment, and recommend methodologies to the Commission in Summer