

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 12-T-0502 - Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades.

CASE 13-E-0488 - In the Matter of Alternating Current Transmission Upgrades - Comparative Proceeding.

CASE 13-T-0454 - Application of North America Transmission Corporation and North America Transmission, LLC for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the Public Service Law for an Alternating Current Transmission Upgrade Project Consisting of an Edic to Fraser 345 kV Transmission Line and a New Scotland to Leeds to Pleasant Valley 345 kV Transmission Line.

CASE 13-T-0455 - Part A Application of NextEra Energy Transmission New York, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the Public Service Law for the Marcy to Pleasant Valley Project.

CASE 13-T-0456 - The Part A Application of NextEra Energy Transmission New York, Inc. for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for the Oakdale to Fraser Project.

CASE 13-M-0457 - Application of New York Transmission Owners Pursuant to Article VII for Authority to Construct and Operate Electric Transmission Facilities in Multiple Counties in New York State.

CASE 13-T-0461 - Application of Boundless Energy NE, LLC for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII for Leeds Path West Project.

**MOTION OF DPS TRIAL STAFF FOR
COMMISSION TO DECLARE A PUBLIC POLICY NEED & TAKE
FURTHER ACTION REGARDING
ALTERNATING CURRENT TRANSMISSION PROPOSALS**

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INTRODUCTION

This Motion is respectfully submitted by the Staff of the Department of Public Service (Trial Staff) to obtain an order from the Public Service Commission (Commission) finding and determining that there is a transmission need driven by Public Policy Requirements for the portfolio of projects identified in the attached Appendix. Further, by this Motion, Trial Staff seeks to have the Commission request that projects or project segments that were submitted for comparative evaluation but not identified in the selected portfolio be withdrawn by the applicants. This Motion is a result of a comprehensive comparative evaluation by Trial Staff of the projects proposed based on the criteria established by the Commission.

BACKGROUND

In its December 16, 2014 Order Establishing Modified Procedures for Comparative Evaluation (December Order),¹ the Commission directed Trial Staff to review applications filed in the AC Transmission proceedings seeking to build transmission projects designed to alleviate congestion at the Upstate New York/Southeast New York (UPNY/SENY) interface of the bulk electric system. In the December Order the Commission instructed that a motion be prepared by Trial Staff that includes a "proposal as to which projects best meet the Commission's objectives and should therefore proceed, with an expectation of public policy benefit and cost recovery, and which projects should proceed on their own, at the developers' option, without any such expectations."²

¹ Case 12-T-0502, et al., AC Transmission Proceedings, Order Establishing Modified Procedures for Comparative Evaluation (issued December 16, 2014) (December Order).

² Ibid., p. 9.

Further, the Commission asked that Trial Staff provide recommendations regarding whether transmission facilities are needed to address the identified congestion as compared to other non-transmission solutions that might be available as an alternative. Finally, the Commission asked Trial Staff to make recommendations as to whether any of proposed projects should be proposed to the New York Independent System Operator (NYISO) for further evaluation.

Following the issuance of the December Order, in January, four applicants, North America Transmission Corporation and North America Transmission, LLC (NAT), New York Transmission Owners (NYTOs), NextEra Energy Transmission New York, Inc. (NextEra), and Boundless Energy NE, LLC (Boundless), filed proposals for twenty-two different projects designed to alleviate the congestion that prompted the commencement of these proceedings. Trial Staff conducted a detailed analysis of the proposals, including engineering, environmental, system impact and benefit/cost analyses. The full results of this analysis are contained in the Trial Staff Final Report filed on September 22, 2015 (Final Report). In the Final Report, Trial Staff recommends that the Commission find and determine that there is a transmission need for an identified portfolio of projects driven by Public Policy Requirements. This Motion recommends specific Commission action that should result from this analysis. Adoption of the recommendations in this Motion will trigger a solicitation and review of transmission solutions by the NYISO with the potential for selected transmission developers to obtain cost recovery for their development and construction costs from the beneficiaries of the transmission upgrades through a NYISO tariff.

POINT I

**THERE IS A TRANSMISSION
NEED DRIVEN BY
PUBLIC POLICY REQUIREMENTS**

The Commission should find and determine that there is a transmission need driven by Public Policy Requirements as described in the Trial Staff Final Report. Trial Staff concluded in the Final Report that the identified portfolio of projects is a solution that beneficially balances the issues of transfer capability; cost; electric system impacts, emissions reductions, and production cost impacts; need to acquire additional rights-of-way; the application of innovative technologies; environmental compatibility; and visual impacts, as directed in the December Order.

Based on Trial Staff's analysis the identified portfolio of projects will reduce transmission congestion so that large amounts of power can be transmitted to regions of New York where it is most needed; reduce production costs through congestion relief; reduce capacity resource costs; improve market competition and liquidity; enhance system reliability, flexibility, and efficiency; improve preparedness for and mitigation of impacts of generator retirements; enhance resiliency/storm hardening; avoid refurbishment costs of aging transmission; take better advantage of existing fuel diversity; increase diversity in supply, including additional renewable resources; promote job growth and the development of new efficient generation resources Upstate; reduce environmental and health impacts through reductions in less efficient electric generation; reduce costs of meeting renewable resource standards; increase tax receipts from increased infrastructure investment; enhance planning and operational flexibility; obtain

synergies with other future transmission projects; and relieve gas transportation constraints.

Trial Staff also reviewed non-transmission alternatives including the alternatives of constructing a new generation facility and the possibility of promoting a targeted level of customer-driven energy efficiency and demand reduction benefits associated with the Reforming the Energy Vision (REV) initiative. The results of the generation alternative showed that adding a 1,320-MW combined cycle gas turbine facility where the plant could be dispatched to meet the needs in SENY would not be cost-effective or a better alternative for ratepayers. The results of the REV alternative showed that adding 1,200 MW of Distributed REV resources among Zones G-J (SENY area) would cost approximately \$2.63 billion with measure lives between 10 and 25 years and would have an approximate benefit cost ratio of 1.2 that is nearly identical to the benefit cost ratio for the portfolio of transmission projects identified by Trial Staff as the preferred solution. Staff concluded that REV type measures complement the transmission solutions proposed, but do not address many of the transmission specific benefits that have been identified for the transmission solutions.

POINT II

**THE PROJECTS NOT SELECTED
SHOULD BE WITHDRAWN
IN THE INTEREST OF EFFICIENCY**

The projects or project segments which do not best meet the Commission's objectives and therefore have no expectation of public policy benefit and cost recovery should be withdrawn. Withdrawal at this stage is in the public interest as time and expense will be saved by the applicants, as well as other parties to the case, and not wasted on pursuing ideas that

have no likelihood of future success. In addition, withdrawing projects will provide certainty to affected landowners and municipalities facing potential impacts from transmission upgrades. Withdrawal will also allow for certain market efficiencies and market certainty as the applicants seek cost recovery at the NYISO. It is for these reasons that Trial Staff urges the Commission to request the applicants to withdraw their projects and project segments that are not selected by the Commission.

CONCLUSION

For the foregoing reasons, Staff urges the Commission to grant an order in these proceedings as follows:

1. The Commission should find and determine that there is a transmission need driven by Public Policy Requirements for the portfolio of projects identified in the Appendix attached hereto. Such a finding will trigger a solicitation and review of transmission solutions by the New York Independent System Operator (NYISO) with the potential for selected transmission developers to obtain cost recovery for their development and construction costs from the beneficiaries of the transmission upgrades through a NYISO tariff mechanism regulated by the Federal Energy Regulatory Commission (FERC). The need is for the entire portfolio, but the portfolio lends itself to segmentation such that transmission solutions should be solicited in a manner that allows applicants to propose solutions either by segment or on a combined portfolio basis. Segment A depends upon Segment B being in place, so Segment A would not be constructed without certainty that Segment B would be constructed. Segment B depends upon certain specified additions being in place, so Segment B would not be constructed

without certainty that the specified add-ons would be constructed.

2. In conjunction with its Public Policy Requirements determination, the order should establish evaluation criteria and specific analyses for the NYISO to undertake in reviewing transmission solutions to ensure that any selected project avoids the opening of new transmission rights-of-way and also avoids a new crossing of the Hudson River by a power line as is intended by the identification of the specific portfolio of projects. The criteria should also address cost allocation issues.

3. In Case 13-T-0454, the applicant, North America Transmission Corporation and North America Transmission, LLC (NAT), should be requested by the Commission to withdraw the following routes from further consideration in the proceeding (such withdrawals to be effective concurrently in Cases 12-T-0502 and 13-E-0488):

- (a) Edic to Fraser (P1, P2, P3, P4, P5);
- (b) New Scotland to Pleasant Valley (P1, P3);
- (c) New Scotland to Pleasant Valley (Alt. 1/I-87) (P2); and
- (d) New Scotland to Knickerbocker (P4, P5); and
- (e) Knickerbocker to Pleasant Valley (P4).

4. The Commission should request NAT to propose to the NYISO NAT's Knickerbocker to Pleasant Valley (P5) transmission solution, coupled with the necessary add-on Rock Tavern Substation terminal upgrades and Shoemaker to Sugarloaf transmission line upgrades, such that NAT's costs incurred in preparing a proposed solution in response to the Commission's request will be recoverable under the NYISO tariff.

5. In Case 13-M-0457, the applicant, New York Transmission Owners (NYTOs), should be requested by the Commission to withdraw the following routes/equipment from

further consideration in the proceeding (such withdrawals to be effective concurrently in Cases 12-T-0502 and 13-E-0488):

- (a) Oakdale to Fraser (P10);
- (b) Edic to New Scotland; Princetown to Rotterdam (P10, P12, P13, P14);
- (c) New Scotland to Leeds (Reconductor) (P9, P12, P14);
- (d) Leeds to Pleasant Valley (P9, P14);
- (e) Leeds to Pleasant Valley (Reconductor) (P7, P12);
- (f) Knickerbocker to Pleasant Valley (P10); and
- (g) Hurley Avenue PARS (P8, P13)

6. The Commission should request NYTOs to propose to the NYISO NYTOs' Edic to New Scotland; Princetown to Rotterdam (P11) transmission solution such that NYTOs' costs incurred in preparing a proposed solution in response to the Commission's request will be recoverable under the NYISO tariff.

7. The Commission should request NYTOs to propose to the NYISO NYTOs' Knickerbocker to Pleasant Valley (P6, P11) transmission solution, coupled with the necessary add-on Rock Tavern Substation terminal upgrades and Shoemaker to Sugarloaf transmission line upgrades, such that NYTOs' costs incurred in preparing a proposed solution in response to the Commission's request will be recoverable under the NYISO tariff.

8. In Case 13-T-0456, the applicant, NextEra Energy Transmission New York (NextEra), should be requested by the Commission to withdraw the entire application for the Oakdale to Fraser project (P19b) from further consideration in the proceeding (such withdrawals to be effective concurrently in Cases 12-T-0502 and 13-E-0488) such that after the withdrawal Case 13-T-0456 should be closed.

9. In Case 13-T-0455, the applicant, NextEra, should be requested by the Commission to withdraw the following routes

from further consideration in the proceeding (such withdrawals to be effective concurrently in Cases 12-T-0502 and 13-E-0488):

- (a) Edic to Pleasant Valley (P15);
- (b) Marcy to New Scotland (P18);
- (c) Marcy to Rotterdam (P16);
- (d) New Scotland to Knickerbocker (P17);
- (e) Greenbush to Pleasant Valley (P16, P18, P19a); and
- (f) Greenbush to Knickerbocker (P17).

10. The Commission should request NextEra to propose to the NYISO NextEra's Marcy to New Scotland; Princetown to Rotterdam (P17) transmission solution such that NextEra's costs incurred in preparing a proposed solution in response to the Commission's request will be recoverable under the NYISO tariff.

11. The Commission should request NextEra to propose to the NYISO NextEra's Greenbush to Pleasant Valley (P17, P19c) transmission solution, coupled with the necessary add-on Rock Tavern Substation terminal upgrades and Shoemaker to Sugarloaf transmission line upgrades, such that NextEra's costs incurred in preparing a proposed solution in response to the Commission's request will be recoverable under the NYISO tariff.

12. In Case 13-T-0461, the applicant, Boundless Energy NE, LLC (Boundless), should be requested by the Commission to withdraw the entire application for all its project segments from further consideration in the proceeding (such withdrawals to be effective concurrently in Cases 12-T-0502 and 13-E-0488) such that after the withdrawal Case 13-T-0461 should be closed. The project segments to be withdrawn include:

- (a) Hurley Avenue to Leeds (Reconductor) (P20, P21);
- (b) Leeds to Pleasant Valley (Reconductor) (P20);
- (c) CPV Tap to Rock Tavern (Reconductor) (P20, P21); and
- (d) Roseton to East Fishkill (Underground) (P20, P21).

APPENDIX

SEGMENT A

Edic/Marcy to New Scotland; Princetown to Rotterdam

Construction of a new 345 kV line from Edic or Marcy to New Scotland on existing right-of-way (primarily using Edic to Rotterdam right-of-way west of Princetown); construction of two new 345 kV lines or two new 230 kV lines from Princetown to Rotterdam on existing Edic to Rotterdam right-of-way; decommissioning of two 230 kV lines from Edic to Rotterdam; related switching or substation work at Edic or Marcy, Princetown, Rotterdam, and New Scotland.

SEGMENT B

Knickerbocker to Pleasant Valley

Construction of a new double circuit 345 kV/115 kV line from Knickerbocker to Churchtown on existing Greenbush to Pleasant Valley right-of-way; construction of a new double circuit 345 kV/115 kV line or triple circuit 345 kV/115 kV/115 kV line from Churchtown to Pleasant Valley on existing Greenbush to Pleasant Valley right-of-way; decommissioning of a double-circuit 115 kV line from Knickerbocker to Churchtown; decommissioning of one or two double-circuit 115 kV lines from Knickerbocker to Pleasant Valley; related switching or substation work at Greenbush, Knickerbocker, Churchtown and Pleasant Valley.

Upgrades to the Rock Tavern Substation

New line traps, relays, potential transformer upgrades, switch upgrades, system control upgrades and the installation of data acquisition measuring equipment and control wire needed to handle higher line currents that will result as a consequence of the new Edic/Marcy to New Scotland; Princetown to Rotterdam and Knickerbocker to Pleasant Valley lines.

Shoemaker to Sugarloaf

Construction of a new new double circuit 138 kV line from Shoemaker to Sugarloaf on existing Shoemaker to Sugarloaf right-of-way; decommissioning of a double circuit 69 kV line from Shoemaker to Sugarloaf; related switching or substation work at Shoemaker, Hartley, South Goshen, Chester, and Sugarloaf.

SCHEMATIC LAYOUT OF SEGMENTS

