



Extended-Term/Longer-Term Transmission Planning Phase 2

Additional discussion of concepts

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Project Title: Attachment K Extended-Term/Longer-Term Transmission Planning*

Proposed Effective Date: August 2024

- In the [New England States' Vision for a Clean, Affordable, and Reliable 21st Century Regional Electric Grid](#) (Vision Statement), the New England states recommended that ISO identify process changes to allow for a routine transmission planning process to help “inform all stakeholders of the amount and type of transmission infrastructure needed to cost-effectively integrate clean energy resources” and enumerated certain criteria for that framework
 - These changes were addressed through Tariff changes under the Phase 1 effort, which were accepted by [FERC in February 2022](#)
- This effort, Phase 2, establishes the rules that enable the states to achieve their policies through the development of transmission to address anticipated system concerns, and the associated cost allocation method

*The name of this effort was originally “Extended-Term.” During the review process, the Tariff language was changed to “Longer-Term.”

Background and Purpose

- [NESCOE's June 2021 Governor's Report](#) recommended the revisions to the ISO Tariff to “implement a state-led, proactive scenario-based planning process for longer-term analysis of state mandates and policies as a routine planning practice”
- In response, the ISO revised Attachment K of the OATT to incorporate a new transmission planning process primarily focused beyond the current ten-year planning horizon
 - This first phase established the rules to enable the New England states to request that the ISO perform scenario-based transmission planning studies, on a routine basis
 - The Phase 1 rules are reflected in Section 16, Procedures for the Conduct of Longer-Term Transmission Studies (LTTs)
- Under the current rules, LTTs, such as the 2050 Transmission Study, are informational studies



Background and Purpose

The second phase of Tariff changes is intended to establish the processes to facilitate the states' achievement of their policy-based goals

- The project will create the process to enable the development of transmission infrastructure to address the findings of an LTTS by:
 - Codifying NESCOE and the ISO's respective roles throughout the process
 - Establishing the cost recovery methodology for resulting transmission
- Additionally, in [July 2023](#), the New England states indicated the potential for increased reliance on the ISO to provide technical assistance in connection with state procurements and efforts to secure transmission-related funding
- The concepts discussed in this presentation are the outcome of joint discussions between the ISO and NESCOE on the processes to address the states' requests
- This is the second meeting at the Transmission Committee to discuss these changes, which are anticipated to be filed with FERC in Q2 2024
 - Today's discussion is focused on concepts for Phase 2
 - Additional discussion for Phase 2 will be continued at the December TC meeting, with an initial review of proposed Tariff redlines

Problem Statement

- Modifications to the Tariff are needed to support the states' efforts to meet their State-identified Requirements*

*Tariff Section I.2.2: State-identified Requirement refers to a legal requirement, mandate or policy of a New England state or local government that forms the basis for a Longer-Term Transmission Study request submitted to the ISO pursuant to the process set out in Section 16 of Attachment K of the OATT.



Follow-up from the October TC Meeting

- The LTTS process and cost allocation reflect the input NESCOE provided to ISO
- The LTTS process is a standalone process established in Section 16 of Attachment K
 - While similar to the Public Policy Process, there is no intent to modify that process at this time
- Aside from the possibility of combining needs, see slide [15](#), there is also no intent to modify the reliability or market efficiency processes
- As is the case for other transmission planning processes, the LTTS process would continue to allow for stakeholder feedback through the Planning Advisory Committee (PAC)
 - More detail has been added to the process description later in this presentation



Follow-up from the October TC Meeting, cont.

- Cost allocation for transmission upgrades
- Default cost allocation is regionalization, the same as Regional Benefit Upgrades (reliability or market efficiency upgrades) described in Schedule 12
 - NESCOE may specify alternative cost allocation
 - For alternative cost allocations for transmission upgrades addressing combined needs, see slide [15](#)
- Study costs (the ISO's costs for issuing the RFP, reviewing responses, etc.) will be allocated regionally in the same manner as the ISO's costs for performing the LTTS
 - Pursuant to Schedule 1 of Section IV.A of the Tariff



Conceptual Process to Allow for Transmission Development

- The general transmission development process would be divided into the following three steps:
 - Step 1: RFP Determination – NESCOE, with ISO technical support, selects system concerns to be addressed through one or more RFPs
 - Step 2: RFP Issuance, Administration, Evaluation – ISO issues the RFP, evaluates the submittals, and selects preferred solution
 - Step 3: NESCOE Response – Project(s) from the preferred solution included in RSP for cost regional allocation, unless NESCOE requests alternative cost treatment or terminates the process
- The following slides provide additional information on the anticipated conceptual features of each of these steps



Conceptual Process - Step 1: RFP Determination

- After the conclusion of an LTTS, NESCOE may request the ISO to perform follow-up studies based on the LTTS results
 - An LTTS is a study conducted by the ISO in response to a request from NESCOE
 - The 2050 Transmission Study is the first LTTS
 - **The follow-up studies will be discussed with the PAC**
- NESCOE will consult with the ISO on possible RFPs based on the results of the LTTS, NESCOE-requested follow-up studies (if applicable), or known long-term system concerns such as non-time-sensitive reliability, economic, or public policy needs
 - **The needs to be addressed by the RFP will be discussed with the PAC**
- NESCOE determines which potential system concerns will be included in an RFP(s) and requests the ISO to issue RFPs

Blue font indicates changes from the [October 2023 TC presentation](#).

Conceptual Process - Step 2: RFP Issuance, Administration, Evaluation

- The ISO issues the RFP:
 - A single stage process is under consideration
 - This is different from the two phase/stage process that already exists in the competitive transmission development portions of Attachment K
 - Qualified Transmission Project Sponsors (QTPSs) submit proposals to the ISO, along with \$100k deposit per proposal
 - Joint proposals would continue to be permitted similar to the competitive transmission development portions of Attachment K
 - No QTPS cost recovery for development of proposals
 - No backstop solution to be submitted by incumbent PTOs
 - Each submitted proposal must meet all needs identified in the RFP (no partial solutions permitted)
- After consideration of the evaluation factors, ISO selects the preliminary preferred solution, which is discussed with PAC

Conceptual Process - Step 3: NESCOE Response

- After considering stakeholder input, the ISO finalizes its determination and selects the preferred solution
- Within 30 days of the ISO selection of the preferred solution NESCOE may:
 - Provide notice to the ISO in support of continuing the process, but provide an alternative cost allocation methodology
 - Provide notice to the ISO to terminate the process
 - ISO would then terminate the process
- If the process is not terminated, the ISO proceeds with one of two possible cost allocation methodologies:
 - The NESCOE provided alternative cost allocation methodology,
 - If no alternative cost allocation method is provided by NESCOE, the costs for the preferred solution are eligible for regional cost allocation similar to reliability projects
- The ISO would issue the Selected Qualified Transmission Project Sponsor Agreement (SQTPSA)
 - The QTPS has 30 days to accept responsibility

Blue font indicates changes from the [October 2023 TC presentation](#).

Additional Process Details that need to be Addressed

- Adding evaluation factors as part of a cost benefit analysis beyond the evaluation factors that are currently described in Attachment K
 - Focusing on metrics associated with financially quantifiable benefits and reliability improvements
- Allow for termination of the process by the ISO
 - Termination can occur at any point in the process
 - During the study, RFP, or cancellation of selected projects
- Address failure of a QTPS to proceed with project development
 - The process would largely mirror Attachment K, Section 4A.9(c)
 - However, this section must also address what happens if reliability or economic needs have been combined with the longer-term need
- Address ISO technical support of state RFPs

Blue font indicates changes from the [October 2023 TC presentation](#).

Additional Discussion

- The ISO and NESCOE have been discussing two additional concepts and are looking forward to stakeholder feedback
 - Assignment to incumbent PTOs
 - Combining needs



Additional Discussion – Assignment to Incumbents

- At the October TC meeting, the ISO suggested that the process include steps to allow certain needs/solutions be assigned to incumbent TOs, rather than being part of an RFP
- October feedback was mixed, but there did not seem to be strong support for the concept, which is consistent with feedback provided to ISO when it introduced this concept in previous efforts
 - Stakeholder concerns were primarily focused on the need for:
 - Clear criteria to determine what is exempted from the RFP process
 - Cost cap/containment provisions
- The ISO is concerned that further work on this concept will delay the Phase 2 effort and understands NESCOE's interest in establishing this process without delay
- Therefore, the ISO is proposing to remove this concept from consideration as part of the Phase 2 effort

Additional Discussion – Combining Needs

- There may be opportunity to combine non-time-sensitive reliability and economic needs into a longer-term RFP that allows a single solution to address all of the needs in an area
 - Would require the needs to be identified around the same time; may make the timing of LTTS RFP initiation process variable
 - An LTTS RFP can be initiated at any point after completion of an LTTS, so long as the next LTTS has not begun
 - This allows the LTTS RFP to be held back for a period of time while other studies are being completed
- This process would need to describe what happens if the LTTS RFP is terminated at any point
 - There would still be reliability and/or economic needs that must be resolved
- **At the October meeting, a question was raised with respect to cost allocation when needs are combined**
 - **If the process is proceeding with default cost allocation, all costs are regionalized, subject to TCA review**
 - **If a different cost allocation method is selected, the costs needed to address the reliability and/or market efficiency needs will be regionalized, while the additional costs to address the longer-term needs are subject to the alternative cost allocation methodology**
 - **How this will be determined by the ISO is still under discussion**

Blue font indicates changes from the [October 2023 TC presentation](#).

Conclusion

- Clarifications have been made to the concepts presented in October
- Additional detail, largely around cost allocation, has been provided
- Further discussion will occur at the December TC meeting, with initial draft Tariff redlines

Stakeholder Schedule*

Proposed Effective Date – August 2024

Stakeholder Committee and Date	Scheduled Project Milestone
October 17, 2023 TC	Discussion of concepts to be included in upcoming Tariff revisions
November 21, 2023 TC	Respond to stakeholder questions from previous meeting and further discussion of concepts to be included in upcoming Tariff revisions
December 21, 2023 TC	Respond to stakeholder questions from previous meeting and initial review of proposed redlines
January 23, 2024 TC	Respond to stakeholder questions from previous meeting and continued review of proposed redlines
February 13-14, 2024 RC	Initial discussion of proposed redlines
February 15, 2024 TC	Respond to stakeholder questions from previous meeting and review of incremental changes to proposed redlines
March 19, 2024 RC	Vote on the proposed Tariff revisions and any proposed amendments
March 27, 2024 TC	Vote on the proposed Tariff revisions and any proposed amendments
Participants Committee April 4, 2024	Vote

*Note: Schedule will be updated to account for PTO AC review.

Questions

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