



Extended-Term/Longer-Term Transmission Planning Phase 2

Introduction to Tariff Modifications

Brent Oberlin

(413) 540-4512 | BOBERLIN@ISO-NE.COM



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

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

- 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 content discussed in this presentation is the outcome of joint discussions between the ISO and NESCOE on the processes to address the states' requests
- This is the third 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 redlines for Phase 2
 - Discussions on the redlines for Phase 2, including the evaluation factors, will continue at the January TC meeting

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 November TC Meeting

At the November TC meeting, the ISO was asked to compare the Public Policy process and the longer-term process*

	Public Policy	Longer-term
Governed by...	Attachment K, Section 4A	Attachment K, Section 16
Requested by...	Stakeholders provide input. NESCOE determines state and ISO determines federal and local.	NESCOE
Timeframe	Ten years	Any; can be beyond ten years
Frequency	Initiated at least once every three years	Upon request, allowing for a six month gap between process cycles
Need based on	Public Policy Requirement - Federal, state, or local statute	State-identified Requirements - legal requirement, mandate or policy of a New England state or local government
System concerns addressed in the RFP determined by...	ISO	NESCOE, with input from ISO
RFP addresses	System concerns that arise from Public Policies	May combine system concerns that arise from the Longer-Term study with identified reliability and/or market efficiency needs
RFP	Two stages	Single stage
Preferred solution selected by...	ISO	ISO
Cost allocation	70% regionalized, 30% to the state with the Public Policy; also allows for alternative cost allocation	100% regionalized unless NESCOE provides alternative cost allocation

*This comparison does not identify every difference between the Public Policy process and the proposed longer-term process.



Follow-up from the November TC Meeting, cont.

- The request for the ISO to provide its costs for longer-term studies and RFP administration remains under discussion at the ISO
- The ISO has confirmed with NESCOE that their focus is on maintaining the current timeline to achieve a FERC filing. The following concepts are not included in the proposed process:
 - The concept of directly assigning projects to the incumbent TOs
 - The concept of using any improvement in economic performance for the assignment of regionalized cost
- Other clarifications and corrections will be discussed with the Tariff redlines



OVERVIEW OF TARIFF REDLINES



Overview of Tariff Redlines

- A placeholder has been included for the evaluation factors, which will be discussed at the January TC meeting
- Today's redlines do not include conforming changes to Schedule 12, Transmission Cost Allocation On and After January 1, 2004 and Schedule 12C, Determination of Localized Costs On or After January 1, 2004
 - The PTO AC requested that the redlines to these documents be discussed at a PTO AC meeting before they are discussed with the TC
- Minor changes, such as adding commas, deleting extra spaces, etc. have been made to the affected documents but have not been called out in this presentation

Overview of Tariff Redlines, cont.

- The following provides an overview of impacted documents and the changes within each document. The package of proposed redlines should be referenced for complete details
 - Tariff Section I.2.2, Definitions
 - Four new terms are introduced to support additions to Section 16 of Attachment K
 - Local Longer-Term Transmission Upgrade
 - Longer-Term Proposal
 - Longer-Term Solution
 - Longer-Term Transmission Upgrade
 - Conforming changes have been made to the definition of
 - Localized Costs
 - Selected Qualified Transmission Project Sponsor
 - Examples of general clean up
 - The definition of Capacity Scarcity Condition was duplicated and one instance has been deleted
 - The sections referenced in the definitions of Stage One Proposal and Stage Two Solution have been corrected

Overview of Tariff Redlines, cont.

- OATT, Section II.8.8, Refund Obligations and Surcharge Rights Associated With Adjustments to Regional and Local Rates
 - Conforming change to reference new Schedule 14A
- OATT Section II.46(c) and (d), General
 - This section described changes that may be made to the PTF
 - Conforming changes to add Longer-Term Transmission Upgrades to descriptions where Reliability Transmission Upgrade, Market Efficiency Transmission Upgrade, NEMA Upgrade, and Public Policy Transmission Upgrade are already addressed
 - Conforming change to point to new cost recovery Schedule 14A (discussed later)
- OATT Section II.49 Definition of PTF
 - The definition of PTF has been updated to include Longer-Term Transmission Upgrades in the same manner that Public Policy Upgrades are already defined

Overview of Tariff Redlines, cont.

- OATT Schedule 14A, Schedule 14A Recovery of Longer-Term Transmission Upgrade Costs by Non-Incumbent Transmission Developers
 - This is a new Schedule
 - Allows for Non-Incumbent Transmission Developers to recover the cost of development of Longer-Term Transmission Upgrades from the point of signing the Selected Qualified Transmission Project Sponsor Agreement (SQPTSA)
 - Allows a Non-Incumbent Transmission Developer to make a rate filing with the Commission pursuant to Section 205 of the Federal Power Act
 - Describes billing and invoicing
 - Permits FERC filings related to construction work in progress costs

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 1, Overview
 - Adds Longer-Term Transmission Upgrades to the list of items that are to be discussed in the Regional System Plan (RSP)
- OATT, Attachment K, Section 2.2, Role of Planning Advisory Committee
 - Cleanup change – adds Public Policy Transmission Studies and associated solutions to the list of items to be discussed with PAC
 - New item vii, adds Longer-Term Transmission Studies and associated solutions to the list of items to be discussed with PAC
- OATT, Attachment K, Section 3.1, Description of RSP
 - Conforming change needed since reliability and economic needs can now be solved through the Longer-Term process
 - Adds Longer-Term Transmission Upgrades to the list of items that are to be included in the RSP Project List
- OATT, Attachment K, Section 3.2, Baseline of RSP
 - Conforming change to point to Section 16 to include Longer-Term Transmission Upgrades in the RSP

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 3.6(a), Elements of the RSP Project List
 - Longer-Term Transmission Upgrade added to subsections to require the inclusion of the upgrades on the RSP Project List
- OATT, Attachment K, Section 3.6(c), RSP Project List Updating Procedures and Criteria
 - Modifications made to allow for the removal of a Longer-Term Transmission Upgrade from the RSP Project List and allow for cost reimbursement
- OATT, Attachment K, Section 4.1, Needs Assessments
 - Conforming changes made to the overview of processes covered in Attachment K
 - Cross reference to Section 16 added to allow reliability and market efficiency needs to be addressed through the longer-term process
- OATT, Attachment K, Section 4B, Qualified Transmission Project Sponsors
 - Conforming changes made to add Longer-Term Transmission Upgrades to the list of upgrades which could be built by a Qualified Transmission Project Sponsor (QTPS)

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16, Procedures for the Conduct of Longer-Term Transmission Studies
 - Modified to include evaluation of Longer-Term Transmission Upgrades in the process overview
 - Recovery of ISO costs moved from 16.3 to the overview to avoid having to repeat it throughout the section
- OATT, Attachment K, Section 16.1, Request for Longer-Term Transmission Studies
 - Provides for the ISO to provide technical assistance to the states or NESCOE in support of state procurements and efforts to secure federal funding for transmission investments
 - Alters the six month moratorium to be after the completion of a longer-term cycle, which potentially includes follow-on studies and administration of an RFP

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16.3, Conduct of the Longer-Term Transmission Study; Stakeholder Input
 - Additions were made to allow NESCOE to request a follow-on study and provides the associated process, which closely mirrors the initial study process
- OATT, Attachment K, Section 16.4 Competitive Solution Process for Longer-Term Transmission Upgrades
 - (a) Identification of Longer-Term Needs; Request for Proposal Determination
 - Creates the process to allow NESCOE to request the issuance of an RFP to address longer-term needs, potentially including non-time-sensitive reliability and/or market efficiency needs
 - Provides the link back to the existing process for addressing non-time-sensitive reliability and/or market efficiency needs in the event that the longer-term process has been terminated
 - (b) Issuance of Request for Proposal
 - Allows the ISO to post the RFP and allows for joint proposals

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16.4 Competitive Solution Process for Longer-Term Transmission Upgrades
 - (c) Use and Control of Right of Way
 - Confirms that nothing about the new process alters a PTO's use and control of its rights-of-way
 - (d) Information Required for Longer-Term Proposals; Study Deposit; Timing
 - Provides the list of information that must be required as part of the proposal; the list may change depending on finalization of the evaluation factors
 - » Single stage process combines the requirements in the Phase/Stage One and Phase/Stage Two Solution of existing reliability, market efficiency, and public policy single phase/stage processes
 - Allows a non-incumbent to include corollary upgrades of incumbent facilities as part of its proposal
 - Establishes the \$100,000 study deposit
 - Establishes a minimum of a 60 day window for responses to the RFP
 - (e) LSP Coordination
 - Requires the QTPS to identify any Local System Plans that require coordination

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16.4 Competitive Solution Process for Longer-Term Transmission Upgrades
 - (f) Review of Longer-Term Proposals
 - ISO ensures that the proposal includes the necessary information, satisfies the need, is feasible, and is permitted to be constructed by the QPTS
 - (g) Proposal Deficiencies; Further Information
 - Allows the QPTS to cure minor deficiencies in the information provided
 - Changes to the project are not permitted
 - (h) Identification and Reporting of Preliminary Preferred Longer-Term Solution; Stakeholder Input
 - Describes the ISO's identification of the preliminary preferred solution and includes examples of the evaluation factors that may be utilized (TBD)
 - To be considered as a preliminary preferred solution the benefit-to-cost ratio (BCR) must be greater than 1
 - » $BCR = \text{financial benefits over 20 years} / \text{annual revenue requirements over 20 years}$
 - (i) Selection of Preferred Longer-Term Solution; NESCOE Response
 - ISO identifies the preferred solution
 - Within 30 days, NESCOE may request the termination of the process or provide an alternative cost allocation for those costs that are beyond those required to address any reliability or economic needs that were included in the RFP

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16.5, Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List; Milestone Schedule; Removal from RSP Project List
 - (a) Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List
 - The selected QTPS will be notified when:
 - » ISO does not receive a communication from NESCOE, or
 - » NESCOE does not provide an alternative cost allocation communication, or
 - » NESCOE provides a cost allocation alternative which is filed with FERC, FERC issues an order on this filing, and NESCOE instructs the ISO to proceed
 - The PTO responsible for any corollary upgrades will be notified
 - Cost allocation discussion
 - » Costs associated with addressing any reliability and/or economic needs that have been combined into the longer-term RFP are allocated the same as Regional Benefit Upgrades.
 - » The ISO develops a representative solution to the reliability and/or economic needs to determine these costs

Overview of Tariff Redlines, cont.

- OATT, Attachment K, Section 16.5, Inclusion of Longer-Term Transmission Upgrade in the Regional System Plan and RSP Project List; Milestone Schedule; Removal from RSP Project List
 - (b) Execution of Selected Qualified Transmission Project Sponsor Agreement (SQTPSA)
 - QTPS must sign the SQTPSA within 30 days of receiving notice from the ISO
 - » If alternative cost allocation is being used, QTPS must sign the SQTPSA within 30 days of the being notified that NESCOE has elected to proceed
 - This section also describes cost recovery for the QTPS and the PTO
 - (c) Failure to Proceed
 - If a QTPS is not moving forward with a project, the ISO will issue a report that describes a proposed course of action; some examples are selecting another proposal or reissuing the RFP
- OATT, Attachment K, Section 16.6, Cancellation of a Longer-Term Transmission Study; Cancellation of a Request for Proposal
 - Allows the ISO to cancel the process at any time, which may be due to a request from NESCOE
- OATT, Attachment K, Section 16.7 Local Longer-Term Transmission Upgrades
 - Costs associated with Local Longer-Term Upgrades are recovered in accordance with Schedule 21

Overview of Tariff Redlines, cont.

- OATT, Appendix 2, Attachment K, List of Entities Enrolled in the Transmission Planning Region
 - Added Rhode Island Energy
- OATT, Appendix 3, Attachment K, List of Qualified Transmission Project Sponsors
 - Updated to include:
 - Anbaric Development Partners, LLC
 - Avangrid Networks, Inc.
 - Versant Power
 - NGV US Transmission, Inc.
 - Massachusetts Municipal Wholesale Electric Company
 - Narragansett Electric Company d/b/a Rhode Island Energy
 - PPL Translink, Inc.
 - SP Transmission, LLC
 - Transource New England, LLC
 - Removed references to:
 - Emera Maine
 - Grid America Holdings, Inc.
 - Western Massachusetts Electric Company

Overview of Tariff Redlines, cont.

- OATT, Attachment O, Non-Incumbent Transmission Developer Operating Agreement
 - Reference to Schedule 14A added to allow filings under Section 205 of the Federal Power Act
 - Reference to Section 16 of Attachment K added to allow for cost recovery and payments associated with longer-term
- OATT, Attachment P, Selected Qualified Transmission Project Sponsor Agreement
 - Conforming changes to reference Longer-Term Transmission Upgrades and Section 16.5 of Attachment K



Conclusion

- Today's discussion provided an introduction to the proposed redlines
- Further discussion will occur at the January TC meeting, including evaluation factors, Schedule 12, and Schedule 12C

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 9, 2023 PTO AC	Introduction and discussion of 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

Questions

Brent Oberlin

(413) 540-4512 | BOBERLIN@ISO-NE.COM

