

Supplemental Process Proposal

To Increase the Likelihood of a Successful Solicitation

NEPOOL Transmission Committee
January 23, 2024



Context

- We appreciate ISO-NE's and stakeholders' work on the longer-term transmission planning Phase 2 tariff changes to enable transmission development to satisfy state policies
- States are enthusiastic about making prompt use of this new process to move from study to solicitation to operation
- Our objective is to create a solicitation process with a high likelihood of success
- Today, we seek your feedback on a possible supplemental process to advance projects
- States believe including this supplemental process in the tariff will increase the likelihood of successful solicitations

ISO-NE Proposal

- NESCOE was pleased to be able to advance a consensus cost allocation approach that ISO-NE has incorporated
 - 100% of costs are regionalized unless NESCOE provides an alternative cost allocation
- A preliminary preferred solution identified by ISO-NE **must have a benefit-to-cost ratio (BCR) greater than 1.0**
- We appreciate the work ISO-NE has done on how it will approach the analysis and look forward to that discussion

NESCOE is not proposing any process changes for projects that meet the BCR threshold

Supplemental Proposal

- The states are considering whether it may be efficient and useful to include a supplemental process to advance projects in the event no project meets the BCR threshold
- All states value the core benefits included in the BCR calculation set forth in tariff; however, some states may place additional value on those and other benefits over time
 - The supplemental process could be used when a project offers particular value to one or more states but comes in under the BCR threshold
 - This supplemental process would allow one or more states to fund costs if the BCR threshold was not met in order to move the project forward

Supplemental Proposal

- The supplemental process would be used **only if** no project meets the BCR threshold
- If no projects meet the BCR threshold, ISO-NE would still present its recommended solution of the projects under the BCR threshold
- NESCOE would have 30 days to select a project, which may or may not be the ISO-NE recommended solution of those under the BCR threshold
 - If NESCOE does not respond, the process terminates
 - If NESCOE responds, it must identify which states are funding the remaining costs
- Costs commensurate with the BCR tariff criteria will be regionalized with one or more states agreeing to cover the remaining costs
 - Example: If the NESCOE selected project has $BCR = .95$, the region pays for 95% of project costs on a load share basis and one or more states fund the remaining 5% of costs

Next Steps

- States will consider feedback received today and any additional feedback received by January 30, 2024, to stay on the established schedule
 - Please send any subsequent feedback to sheilakeane@nescoe.com and boberlin@iso-ne.com
- Continue discussions with ISO-NE on associated tariff changes
- With consideration of the feedback, possibly bring forward associated tariff changes at the February NEPOOL Transmission Committee meeting for stakeholder review
- Vote on Phase 2 tariff changes at March TC and April PC for filing with FERC

Thank you

We look forward to your feedback

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