



## **NextEra Energy Transmission, LLC**

Response to **New England States Committee on Electricity**

Letter to ISO-NE on Potential Transmission Needs for a Longer-term Transmission RFP



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Submitted to:

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## Executive Summary

NextEra Energy Transmission, LLC ("NEET") is pleased to submit its feedback to the New England States Committee on Electricity ("NESCOE") regarding the Letter to ISO-NE on Potential Transmission Needs for a Long-Term Transmission Planning RFP ("Letter").<sup>1</sup> NEET commends NESCOE for focusing the first Long-Term Transmission Planning ("LTP") solicitation on enhancing transfer capability from Maine to New Hampshire and into southern New England.

NEET recommends that ISO-NE define the scope of the first LTP request for proposal ("RFP") to include increasing the Boston Import interface by at least 1,200 MW. The inclusion of the Boston Import interface is crucial, given its identification as a high-likelihood concern in the ISO-NE 2050 Study and that it will help address the needs identified in the Boston 2033 Needs Assessment. Enhancing the capacity of these interfaces will support regional reliability, economic development, and accommodate future large loads.

While increasing transfer capability across the Boston Import, Maine-New Hampshire, and Surowiec South interfaces will benefit the region, it will not fully address the integration of cost-effective wind resources in northern Maine with southern load centers. Therefore, NEET recommends that NESCOE, ISO-NE, and the Maine PUC collaborate on procuring the Northern Maine Procurement transmission project through a future LTP RFP to best align with regional energy goals.

NEET supports NESCOE's goal to *"promote meaningful competition for the benefit of ratepayers."* To maximize competition, NEET underscores the importance of addressing the recognized barriers to competition such as the inability for developers to propose extensive corollary upgrades and the requirement for comprehensive proposals. Allowing bidders to submit transmission solutions that include new or upgraded incumbent-owned transmission facilities and that solve for discrete needs will eliminate unnecessary obstacles to the development of competitive, innovative, and cost-effective transmission solutions.

Recognizing that NESCOE wants to leverage the momentum of the LTP tariff changes to achieve the states' policy objectives and acknowledging the delays associated with another FERC filing, NEET suggests three potential RFP structures: 1) issue multiple sequential RFPs for discrete needs, beginning with the Boston Import and modifying the tariff before subsequent solicitations; 2) issue a single RFP with discrete sub-needs, if allowed by current tariff; 3) issue multiple RFPs concurrently soliciting for proposals for the sub-needs.

NEET recommends that NESCOE use the first RFP to solicit for a single discrete need (e.g., increase Boston import by 1,200 MW) and then amend the tariff to resolve the corollary upgrade and comprehensive solution problems that limit competition before proceeding with solicitations for the remaining needs.

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<sup>1</sup> NESCOE (10/16/2024). "Potential Transmission Needs for a Longer-term Transmission Planning RFP." Letter to Al McBride, Vice President, System Planning, ISO New England. CC: Planning Advisory Committee (PAC). [Online] Available at: <https://nescoe.com/resource-center/ltp-rfp-letter/>

Additionally, NEET urges shortening the LTP RFP solicitation and evaluation timeline to less than one year to realize reliability improvements and economic benefits sooner and to support the proposed 2035 commercial operation date in the Letter. This approach will minimize inflation and cost risks and ensure timely project delivery, setting a positive precedent for future proceedings.

A transparent RFP evaluation process is crucial, with detailed evaluation metrics provided beforehand and comprehensive access to all relevant planning files and cases. This will ensure ratepayer interests are protected and developers can focus on the factors most important to NESCOE and ISO-NE. enabling developers to propose hard or soft cap on capital expenditures, with standardized cost cap exclusions for uncontrollable costs, will further safeguard ratepayers and promote cost-effective proposals.

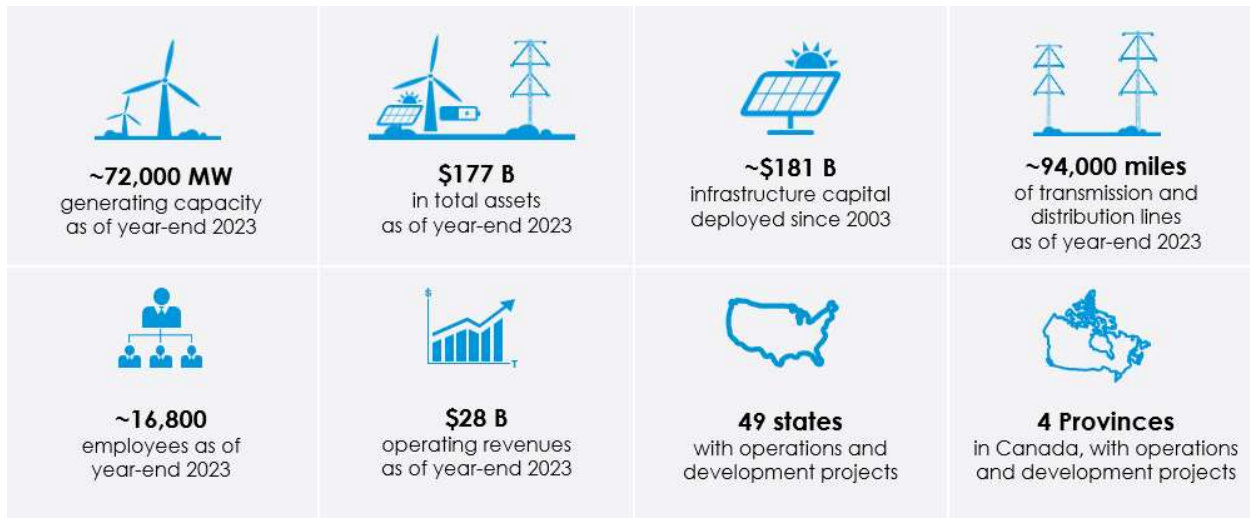
Integrating these recommendations into the first LTP RFP will foster a balanced, innovative, and risk-mitigated solicitation. This comprehensive approach ensures a cost-effective transmission infrastructure that benefits all stakeholders, supporting the reliability, efficiency, and future readiness of the New England power grid.

## NextEra Energy Transmission Overview

NEET is the leading competitive transmission company in North America and is committed to providing its customers with innovative, cost-effective, and reliable transmission solutions. NEET finances, develops, owns, constructs, operates, and maintains transmission assets across the North American continent. NEET operates through its regional subsidiaries to integrate renewable energy and strengthen the electric grid. NEET subsidiaries were among the first non-incumbents to be awarded projects by system operators and utility commissions in California, Kansas, Missouri, New York, Ontario, and Texas. NEET is a key advocate for more competitive and transparent processes for the benefit of all.

NEET is part of the NextEra Energy, Inc. ("NextEra") family of companies. NextEra is the world's largest electric utility by market capitalization and one of America's largest infrastructure capital investors in any industry. NextEra companies own and operate more than 13,330 miles of high-voltage transmission lines and nearly 1,200 substations across North America, making NextEra companies among the industry's largest and most experienced transmission utilities. **Figure 1** illustrates the vast size, operating scope, and assets.

**Figure 1. NextEra Overview**



NextEra companies have been active in ISO New England Inc. ("ISO-NE") for several decades. NextEra is the indirect owner of the 36 megawatt ("MW") Cape Energy Station; the 827 MW W.F. Wyman Station (100% owner of Units 1, 2, and 3 and majority owner of Unit 4); the 16.2 MW Casco Bay Storage Project; approximately 88% of the Seabrook Station, a 1250 MW nuclear power plant in Seabrook, New Hampshire; Bellingham Energy Center, a 311 MW Combined Cycle facility in Bellingham, Massachusetts; and Granite Wind, a 99 MW wind facility in Millsfield and Dixville, New Hampshire. NextEra also is the indirect owner of five solar farms in ISO-NE that total approximately 217 MW and include the 50 MW Sanford Airport Solar and 77 MW Farmington Solar located in Maine. In addition, NextEra is a significant basic/default service supplier in ISO-NE, competing in basic/supply solicitations and providing cost-effective supply to a wide range of customer types, including a significant portion of the residential and small commercial customers in Maine.

**Figure 2. NEET Portfolio**



NEET subsidiaries' current assets include operating transmission facilities in California (the Suncrest SVC Facility and Trans Bay Cable), Nevada (GridLiance West); Indiana (NextEra Energy Transmission MidAtlantic), Texas (Lone Star Transmission)' New Hampshire (New Hampshire Transmission ("NHT")); Illinois and Kentucky (GridLiance Heartland); Kansas and Oklahoma (GridLiance High Plains), Ontario, Canada (East-West Tie Line); and New York (Empire State Line). Additional awarded projects are under advanced development in California (Estrella Substation project, North Gila-Imperial Valley 500 kV Tie Line, and Imperial Valley-North of SONGS 500 kilovolt ("kV") Tie Line, 500/230 kV Substation Project), Kansas and Missouri (Wolf Creek to Blackberry 345 kV Tie Line), Oklahoma (Minco-Pleasant Valley-Draper 345 kV Tie Line), and PJM (Mid-Atlantic Resiliency Link 500 kV line across four states and a 500/138 kV substation project). NEET is actively developing numerous early-stage projects across North America.

In ISO-NE, NHT is a public utility and transmission system owner/operator of the transmission substation ("Seabrook Substation") at the Seabrook nuclear plant in Seabrook, New Hampshire. The Seabrook Substation is a 345 kV Pool Transmission Facility operated as part of the ISO-NE transmission network. NHT interconnects the Seabrook nuclear plant, one of the largest electric generation resources in New England, with three major 345 kV transmission lines that are key elements of the ISO-NE network backbone.

## Scope

NEET commends NESCOE on its impactful decision to focus *"the first LTTP solicitation on increasing transfer capability within the system to allow more power to flow from Maine to New Hampshire and into southern New England."* The transmission solutions procured through this solicitation will transform the ISO-NE system by enabling the integration of cost-effective generation, enhancing reliability, and improving overall market efficiency. We agree with NESCOE's goal for a successful and competitive solicitation and underscore the importance of correctly defining the needs and structuring the RFP to achieve those objectives.

The scope includes an expansive electrical and physical study area covering multiple electric utility service territories, spanning over 250 miles from Aroostook County, Maine to Suffolk County, Massachusetts. As discussed below in the Maximizing Competition section, NEET strongly recommends that the RFP be broken into discrete sub-needs to ensure that the solicitation returns competitive and innovative solutions.

In the Letter, NESCOE outlined the following requirements and recommendations to increase ISO-NE north-to-south transfer capability and facilitate the interconnection of generation in Maine as potential needs for the first LTTP RFP to address:

- Increase the Maine-New Hampshire interface capacity to at least 3,000 MW by 2035
- Increase the Surowiec-South interface capacity to at least 3,200 MW by 2035
- Increase the capacity of additional interfaces (e.g., Orrington-South, North-South, or others)
- Facilitate the interconnection of a minimum amount of new generation capacity at substations above the Surowiec-South interface
- A strong preference for solutions that facilitate the interconnection of incremental generation north of the Surowiec-South interface

### **Recommended Scope**

NEET strongly advocates that NESCOE specifically define the following needs/sub-needs to increase transfer capability within the system to allow more power to flow from Maine to New Hampshire and into southern New England. These needs could be solicited through multiple RFPs or a single RFP, if allowed by the tariff:

1. Increase the Boston-Import/North-South interface capacity by at least 1200MW by 2035
2. Increase the Maine-New Hampshire interface capacity to at least 3,000 MW by 2035
3. Increase the Surowiec-South interface capacity to at least 3,200 MW by 2035

NEET recommends that NESCOE define a minimum requirement for solutions to increase the Boston Import interface capacity by at least 1,200 MW. Identifying the Boston Import as the need for the initial LTTP RFP will support the goals NESCOE outlined in the Letter for the following reasons:

First, the ISO-NE 2050 Study identified the Boston Import as a high-likelihood concern and linked the North-South and Boston Import interfaces in each of the proposed roadmaps developed to address the high-likelihood concerns.<sup>2</sup> The increased electrification examined in the study heavily impacted the already dense-load areas of New England, particularly in the Boston subregion. The 2050 Transmission Study determined that the Boston Import interface is a high-likelihood concern due to a variety of thermal overloads observed along this interface. Across most scenarios studied, current import paths into the Boston area are unable to support increasing load.

Second, the Boston metropolitan area represents a significant portion of regional demand on an annual and peak basis, therefore, reliability-based needs have repeatedly been identified in this subarea, including in both the 2028 and 2033 Boston Needs Assessments. Given, the ongoing Boston 2033 Needs Assessment and the likelihood of a competitive solicitation being issued for these non-time sensitive reliability needs, incorporating an increase of the Boston Import Interface by at least 1,200 MW in the LTP RFP will help the region plan holistically and reduce the likelihood that additional needs will be identified in the future assessments.

Further, an increase of the Boston Import Interface will enable the flow of clean, cost-effective generation into the Boston metropolitan area, accommodating future load increases and the development of various large loads such as data centers and manufacturing facilities. Lastly, given that the Boston Import and north south interfaces will likely require siting complex underground or subsea transmission infrastructure given the dense urban environment in and around Boston, it is imperative that NESCOE procure this portion first to allow developers sufficient time to secure necessary equipment and develop and construct the transmission projects in a timely fashion.

### ***Inclusion of Northern Maine in Future LTP RFP***

Transmission solutions to increase transfer capability across the Maine- New Hampshire, Surowiec South, and Boston Import Interfaces will benefit the region by increasing the flow of power from northern New England towards the south. However, they may not fully address the integration of low-cost wind resources in northern Maine with load centers in the south, the goal outlined by NESCOE. To accomplish this, NEET recommends that NESCOE and the Maine PUC collaborate to procure the Northern Maine transmission project in a subsequent LTP RFP.

As noted in the Letter: *"Recent studies, along with the current interconnection queue, indicate that on the order of 3,000 megawatts (MW) of additional generation capacity could potentially*

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<sup>2</sup> ISO-NE. (02/12/2024). 2050 Transmission Study. [Online] Available at: [https://www.iso-ne.com/static-assets/documents/100008/2024\\_02\\_14\\_pac\\_2050\\_transmission\\_study\\_final.pdf](https://www.iso-ne.com/static-assets/documents/100008/2024_02_14_pac_2050_transmission_study_final.pdf)

*be developed in northern Maine. NESCOE is interested in solutions that would facilitate the integration of these resources."* NEET encourages NESCOE to focus the first LTTP RFP on increasing the interfaces in southern New England to ensure deliverability of existing and future clean resources. Then, in a subsequent LTTP RFP, NEET recommends that NESCOE collaborate with the Maine Public Utilities Commission and ISO-NE to procure the transmission component of the Northern Maine Procurement through the LTTP process. The Third Northern Maine Integration study provides a detailed analysis of how this need could be defined.

Additionally, NESCOE, ISO-NE, and MPUC could incentivize developers to propose solutions that emphasize future expandability of the system, for example by encouraging developers to procure additional right-of-way or propose or develop a single circuit on double circuit capable towers, ensuring the proposed transmission system enhancements enable the maximum amount of future generation development.

The LTTP RFP process is designed to ensure that ratepayers receive the most cost-effective transmission solutions. This method is superior to a process using a transmission service agreement for procuring transmission to access the northern Maine wind resources. The LTTP RFP process includes a defined evaluation process and provides protections and incentives governed by FERC, enhancing transparency and competitiveness. Additionally, including the Northern Maine procurement in a future RFP utilizing the LTTP tariff will enable the costs associated with reliability and market efficiency benefits unlocked by the transmission facility to be allocated across all ISO-NE ratepayers. This broader cost allocation ensures that all ratepayers share in the benefits of a more reliable grid.

The first LTTP RFP represents a pivotal opportunity to transform the New England power grid. By including the Boston Import interface and planning to solicit the Northern Maine transmission line in a future LTTP RFP, the states can collectively build a reliable, competitive, and cost-effective transmission backbone spanning the entire region. This comprehensive approach will not only ensure the delivery of cost-effective generation to growing southern load centers but also facilitate the integration of renewable resources in northern areas. Our recommendations aim to maximize the benefits of this initiative by addressing current constraints, anticipating future needs, and promoting regional energy goals. The result will be a more resilient, flexible, and future-ready transmission system that enhances reliability, improves market efficiency, and serves all New England ratepayers more effectively.

## **Maximizing Competition**

NEET views the LTTP process as a significant step forward for ISO-NE. This process will facilitate a comprehensive study and identification of future transmission needs and the advancement of regional transmission solutions to support energy and environmental policy objectives.

As stated in the Letter, NESCOE has expressed an interest in *"pursuing a reasonable, measured approach to explore needed transmission investment with sufficient flexibility to promote meaningful competition for the benefit of ratepayers."* Achieving these objectives requires an RFP

structure that attracts a diverse set of bidders and results in competitive project proposals.

By ensuring an open and competitive process with a broad pool of incumbent and non-incumbent bidders, the states will ensure that ratepayers are presented with competitive pricing, innovative project designs, deployment of advanced technologies, risk-reducing cost containment structures, and reduced risk by awarding projects to multiple developers.

However, as repeatedly highlighted by NEET and others, including during the Boston 2028 RFP Lessons Learned process<sup>3</sup>, the LTTP2 stakeholder process<sup>4</sup>, and in FERC filings<sup>5</sup>, the LTTP paradigm has already adopted proven problematic restrictions and requirements on Qualified Transmission Project Sponsors ("QTPS") that will hinder participation, limit competition, and potentially disqualify desirable projects if not adequately addressed during the LTTP RFP development. The two most problematic restrictions are referred to herein as the Corollary Upgrade Problem (which was the basis for ISO-NE disqualifying numerous competitive solutions by non-incumbent QTPS in the 2028 Boston Reliability RFP<sup>6</sup>) and the Comprehensive Solution Problem, which prohibits any entity from proposing partial solutions. Additional NEET context is contained in **Appendix A**.

Given the potential impact of these factors on the solicitation's competitiveness and success, NEET urges NESCOE to carefully consider and address these issues during RFP development.

## 1. Corollary Upgrade Problem

To promote meaningful competition, the RFP must resolve the Corollary Upgrade Problem by allowing project proposals that identify new transmission elements on incumbent transmission owner's property.

According to the letter, "NESCOE is interested in focusing the first LTTP solicitation on increasing transfer capability within the system to allow more power to flow from Maine to New Hampshire and into southern New England." Achieving this objective will require substantial transmission solutions that are thoughtfully designed and integrated into the existing New England electric grid. However, unless ISO-NE's interpretation of its tariff and

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<sup>3</sup> ISO New England Inc. Competitive Solution Process: Order 1000/Boston 2028 Request for Proposal Lessons Learned. [Online] Available at: [https://www.iso-ne.com/static-assets/documents/2020/10/a4\\_competitive\\_solution\\_process\\_order\\_1000\\_boston\\_2028\\_rfp\\_lessons\\_learned.pdf](https://www.iso-ne.com/static-assets/documents/2020/10/a4_competitive_solution_process_order_1000_boston_2028_rfp_lessons_learned.pdf)

<sup>4</sup> NextEra Energy Transmission (02/15/2024). Extended-Term/Longer-Term Transmission Planning Phase 2: Competitive Transmission in New England: Challenges and Opportunities for Improvement[Online] Available at: [https://www.iso-ne.com/static-assets/documents/100008/a04b\\_2024\\_02\\_15\\_tc\\_nextera\\_presentation\\_ltpp\\_phase2.pdf](https://www.iso-ne.com/static-assets/documents/100008/a04b_2024_02_15_tc_nextera_presentation_ltpp_phase2.pdf)

<sup>5</sup> New Hampshire Transmission and LS Power (05/30/2024); JOINT COMMENTS OF NEW HAMPSHIRE TRANSMISSION, LLC AND LSP TRANSMISSION HOLDINGS II, LLC; Docket No. ER24-1978-000

<sup>6</sup> ISO-NE. (07/17/24). Boston 2028 Request for Proposal (RFP) - Review of Phase One Proposals. [Online] Available at: [https://www.iso-ne.com/staticassets/documents/2020/07/final\\_boston\\_2028\\_rfp\\_review\\_of\\_phase\\_one\\_proposals.pdf](https://www.iso-ne.com/staticassets/documents/2020/07/final_boston_2028_rfp_review_of_phase_one_proposals.pdf)

definition of corollary upgrades is resolved, it could significantly limit the pool of bidders and projects able to participate in the RFP.

ISO-NE's current interpretation of "corollary upgrades," a term not explicitly defined in the tariff, significantly limits QTPS' options and ability to participate in the competitive transmission solicitation process. ISO-NE interprets permissible corollary upgrades that a QTPS may propose as limited to upgrades to existing facilities owned by an incumbent (e.g., reconductoring to increase rating), and upgrades built by an incumbent to interconnect facilities developed by the QTPS. This interpretation, rooted in Attachment K, Section 4.3(a) of the ISO-NE Open Access Transmission Tariff ("OATT"), several sections of the Transmission Operating Agreement ("TOA"), and carried forward into the LTTP paradigm in Section 16.4(d), prohibits a QTPS from proposing the construction of any new components, apart from equipment to directly interconnect a project, on a transmission owner's systems. (Additional NEET context is contained in Appendix A.)

In contrast, the ISO-NE interconnection process for Elective Transmission Upgrades and generating resources mandates the identification and construction of any new or upgraded transmission equipment necessary to mitigate adverse impacts by the interconnecting transmission owner. These upgrades become part of the interconnecting Participating Transmission Owners ("PTOs") system and rate base. This same process could address the Corollary Upgrade Problem if applied to LTTP RFPs.

NESCOE's identified needs involve existing components of the bulk power system that cross multiple states and PTO service territories, requiring significant transmission solutions and potentially new equipment or project components beyond those permitted by the current interpretation of corollary upgrades. Unlike other regions that allow for the identification of new equipment elsewhere on the system, ISO-NE's limited definition prevents non-incumbent developers from proposing necessary new transmission elements on the grid. Additionally, incumbent PTOs cannot propose new facilities outside their service and within another incumbent PTO's territory unless they form pre-bid partnerships.

A possible mitigating strategy to address these flaws for the first LTTP RFP, in lieu of and in advance of amending the OATT, may include defining Corollary Upgrades to include not only upgrades to existing facilities but also new facilities located on incumbent property, provided the incumbent maintains a right-of-first refusal to design, construct, own, and operate such new facilities located on said property.

Fundamentally, if the Corollary Upgrade Problem is not addressed creatively in the RFP or through tariff modifications, it will hinder competition and potentially jeopardize the success of the first LTTP RFP by severely restricting the scope of permissible solution components. This restriction would prevent QTPSs from submitting comprehensive solutions and participating fully in the solicitation.

## **2. Comprehensive Solution Problem**

To promote meaningful competition, the RFP must resolve the Comprehensive Solution Problem by allowing bidders to meet the comprehensive solution requirement by providing a project bid that resolves one or more of the RFP's discrete needs or sub-needs.

Given the broad scope that NESCOE is considering for the first LTP RFP, covering multiple states and incumbent utility service territories, an overly restrictive definition of "comprehensive solution" would severely limit the number of bidders and project proposals. Potential bidders may have transmission solutions and associated site control for certain portions of the overall RFP scope, but it is difficult to imagine any single bidder having realistic, buildable projects for the entire RFP scope, from Maine to Boston, even if the Corollary Upgrade Problem is resolved. As a result, requiring each bidder to provide a solution to all the transmission needs from Maine to Boston would be impracticable without pre-bid partnership agreements between multiple bidders, which would then limit the bidder pool and restrict competition.

The LTP tariff provisions set forth in Attachment K, Sections 16(a) and 16(b) of the OATT require QTPs to submit "comprehensive solutions" addressing all identified needs. Notably, ISO-NE previously found that "requiring a QTPs to comprehensively solve all the identified needs could limit the number of QTPs that are able to participate in an RFP."<sup>7</sup> Despite recognizing the negative impact this restriction had on the competitive process during the 2028 Boston RFP and subsequently eliminating this requirement in the lessons-learned initiative, the LTP2 tariff provisions have reverted to this problematic, restrictive practice.

Other regions allow for partial solutions, which can be combined into a suite of projects to achieve a more optimal outcome. This approach may be more feasible than a single, large comprehensive solution.

Requiring the submission of complete solutions will reduce the number of participants and potentially hinder the region's ability to select an optimal portfolio of projects that efficiently address identified needs and supports the regional transmission expansion necessary to achieve policy objectives.

To avoid limiting competition and eligible bidders, NESCOE should either issue multiple RFPs with discrete needs or, if allowed by the tariff, carefully define discrete needs within the broader scope to encourage project proposals from numerous bidders. Adopting a broad, unlimited scope, such that bidders must address all needs contemplated in the Letter, will severely limit the pool of potential bidders or, in a worst-case scenario, result in no eligible bidders if the necessary pre-bid partnerships cannot be established.

Ultimately, NEET believes the Corollary Upgrades Problem and Comprehensive Solution Problem are fundamental flaws that require amendments to the OATT and TOA. While we are hopeful these issues can be addressed soon, NEET understands that NESCOE does not want to delay the first LTP RFP. However, unless addressed creatively, these limitations will significantly hinder

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<sup>7</sup> ISO New England, LLC (12/28/21). ISO New England Inc. and New England Power Pool, Docket No. ER22--000; Transmission Planning Improvements. (available online) [https://www.iso-ne.com/static-assets/documents/2021/12/transmission\\_planning\\_improvements.pdf](https://www.iso-ne.com/static-assets/documents/2021/12/transmission_planning_improvements.pdf)

competition and potentially jeopardize the success of the first LTP RFP. By restricting the scope of permissible upgrades, QTPs will be unable to submit complete solutions and participate in the solicitation.

Notably, this limitation also affects incumbent ISO-NE TOs seeking to submit solutions in response to the first LTP RFP because it will limit their ability to develop projects with interconnections or impacts outside their service territory. For example, neither Central Maine Power Company nor Public Service Company of New Hampshire can submit a complete solution on their own to solve the need to increase the transfer capability across the Maine-New Hampshire border, because each of them is considered a non-incumbent when building transmission infrastructure in the other's service territory.

Further complicating matters, if these flaws are not mitigated, QTPs will likely need to form partnerships with incumbent TOs to compete, raising concerns about potential conflicts, as noted by ISO-NE in its response to stakeholder comments on the Boston 2028 RFP - Review of Phase One Proposals.

## Potential RFP Structures

NEET shares NESCOE's goal that the first LTP RFP is straightforward and competitive, delivering innovative and cost-effective solutions for ratepayers. However, the Comprehensive Solution Problem and Corollary Upgrade problems discussed above complicate this. For these reasons, NESCOE should not issue a single, comprehensive RFP seeking transmission solutions that solve all the needs outlined in the Letter as such an approach will severely limit the pool of eligible bidders and projects that are able to be submitted into the RFP.

NEET presents three potential approaches NESCOE should consider to solicit the transmission solutions that will enable increased energy transfer from northern to southern New England and ensure the success of the first (and subsequent) LTP RFP(s). However, NEET believes that the optimal approach is for NESCOE to request ISO-NE issue multiple RFPs, sequentially with tariff modifications and lessons learned incorporated after the first RFP.

### 1. Multiple RFPs Issued Sequentially with Tariff Changes

NESCOE should define the desired capacity increases to the 1) Boston Import, 2) Maine – New Hampshire, 3) Surowiec South interfaces, further described in the Scope Section of this document, as specific needs. NESCOE and ISO-NE could then solicit transmission solutions for each of these needs through separate, sequential RFPs. Most importantly, once the first RFP is issued, evaluated, and a solution is selected, NESCOE and ISO-NE could collaborate to update the tariff to resolve the Corollary Upgrade Problem and Comprehensive Solution Problem. Once the tariff changes are approved, NESCOE could then direct ISO-NE to solicit transmission solutions for the remaining needs through subsequent RFPs.

This sequential approach enables NESCOE to capitalize on the current momentum, improve the tariff to ensure competition, and incorporate lessons learned to enhance the

process for future RFPs while successfully conducting a competitive bid under the existing tariff.

The initial RFP, focused on a smaller scope would be competitive, straightforward, and have a simplified evaluation process, allowing ISO-NE to solicit and select a solution efficiently. Given the reduction in complexity and requirement for additional RFPs, it is imperative that NESCOE and ISO-NE collaborate to reduce the cycle time, described in the Timeline Section.

If NESCOE adopts this structure, it should be completed sequentially, starting with the Boston Import, and then moving northward for each identified need. The RFP process should begin with Boston Import because that the project will likely require the development of underground and/or subsea transmission infrastructure in a dense, urban environment, which will require longer procurement and development timelines. Additionally, the Boston Imports support the needs identified in the Boston 2033 Needs Assessment. This phased approach allows for more targeted and manageable project bids that can be evaluated and implemented swiftly.

## **2. Single RFP with Sub-needs**

NESCOE could issue a single RFP that defines transfer capacity increases for the three interfaces as discrete sub-needs (i.e., 1) Boston Import, 2) Maine – New Hampshire, 3) Surowiec South interfaces). If allowed by the existing ISO-NE tariff, this approach would enable developers to submit and ISO-NE to evaluate proposals that address specific sub-needs. NESCOE could then select one or more projects to solve the identified sub-needs.

NESCOE and ISO-NE must clarify that a solution only needs to solve one or more of the identified sub-needs. This approach will result in an un-competitive solicitation if ISO-NE and NESCOE do not explicitly confirm that it solves the Comprehensive Solution Problem.

There are some challenges associated with this approach. Since the best solution may not solve all identified needs, NESCOE may need to select multiple projects that solve individual needs or select a single project and then run additional RFPs to address the remaining needs.

Additionally, evaluation of an RFP with multiple sub-needs will be more complex. The ISO-NE may need to evaluate and compare proposals that solve a single sub-need with proposals that solve multiple sub-needs. For instance, the ISO-NE may need to compare a solution that increases the Boston Import with solutions that increase the Boston Import and NH-ME interfaces or solutions that increase the ME-NH and Surowiec South interfaces. With transfer capacity increase as the proposed way to structure the need or sub-needs for the first LTP RFP, NESCOE and ISO-NE must clearly define the model assumptions that will be used to evaluate each sub-need as an independent project.

## **3. Multiple RFPs Issued Concurrently**

NESCOE could also issue multiple RFPs concurrently, individually seeking solutions to a

discrete need. This process would increase competition by providing a work around to the Complete Solutions Problem. However, like the single RFP with multiple sub-needs, the evaluation of the interactions between proposed solutions for one RFP with proposed solutions of a different RFP may prove to be a highly complex analysis.

Regardless of the structure chosen for the first LTP RFP, updating the tariff is essential to establish an enduring, competitive transmission development paradigm in New England. The Full Scope with Sub-needs approach allows developers to address specific sub-needs, broadening the landscape for potential solutions, while the Multiple RFPs with Tariff Changes approach provides a more focused and sequential method, allowing for phased, manageable project bids. By revisiting and revising specific tariff provisions, NESCOE can overcome current challenges, facilitating a competitive and efficient process that aligns with its goals and ISO-NE's capabilities.

## Timeline

NEET urges NESCOE and ISO-NE to shorten the timeline from submission to project selection to one year. A shortened LTP RFP solicitation and evaluation timeline offers critical advantages for New England's rapidly evolving energy landscape. Swift implementation of the solutions ultimately selected as part of the LTP RFP will deliver reliability improvements and economic benefits to ratepayers more quickly. This urgency is further underscored by the ambitious clean energy targets set by many New England states, which require timely action to meet specific deadlines.

A compressed timeline will support the 2035 commercial operation date outlined in the Letter. With supply chain disruptions extending lead times for key components and increasingly complex permitting processes often spanning several years, an accelerated RFP process provides security that the project(s) will be delivered on time.

NEET participates in competitive solicitation in all RTOs/ISOs nationwide. Experience from other RTOs/ISOs demonstrates that it is possible to evaluate competitive solicitations within the proposed time window. PJM is currently evaluating 98 proposals received on September 17th in response to the 2024 Regional Transmission Expansion Plan Window. This process is similar in magnitude to the proposed LTP RFP scope, requiring developers to develop and propose solutions to meet needs across PJM's system. PJM anticipates shortlisting the projects in November 2024, recommending the selected project(s) to the board in December 2024 or January 2025, and receiving final board approval in Q1 2025.<sup>8</sup> The CAISO 2023-2034 Transmission Planning Process competitive solicitation is currently ongoing.<sup>9</sup> CAISO's process featured a 120-day bid window, is currently in the proposal qualification window and expects to complete evaluation in 3 months.

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<sup>8</sup> PJM. (10/08/2024). Item 09 – Reliability Analysis Update. Slide 6: 2024 RTEP Window 1. [Online]. Available at: <https://www.pjm.com/-/media/committees-groups/committees/teac/2024/20241008/20241008-item-09---reliability-analysis-update.ashx>

<sup>9</sup> California ISO. (10/03/2024). 2023-2024 Transmission Planning Process Phase 3 Sequence Schedule. [Online] Available at: [https://stakeholdercenter.caiso.com/InitiativeDocuments/2023-2024-Transmission-Planning-Process-Phase-3-Sequence-Revised%20Schedule%20\(2\).pdf](https://stakeholdercenter.caiso.com/InitiativeDocuments/2023-2024-Transmission-Planning-Process-Phase-3-Sequence-Revised%20Schedule%20(2).pdf)

During the October PAC meeting, stakeholder discussed the following timeline:

<b>RFP Issuance</b>	Targeting March 2025
<b>Solicitation Window</b>	6 Months (September 2025)
<b>Evaluation and Selection</b>	Up to 1 year (September 2026)

NEET proposes the following timeline for a solicitation that includes Maine – New Hampshire, Surowiec – South, and Boston Import interfaces:

<b>Release Planning Model(s)</b>	45 days before solicitation window opens
<b>Solicitation Window</b>	60-90 days
<b>Evaluation and Selection</b>	120 days

By adopting a more streamlined timeline, NESCOE and ISO-NE can demonstrate regulatory efficiency, maintain focused stakeholder engagement, and set a positive precedent for future proceedings.

## RFP Evaluation

A transparent RFP evaluation and selection process is key to maintaining fairness, incentivizing competition, and ensuring that the selected project(s) is the most prudent and cost effective, and most importantly, that ratepayer interests are protected.

NEET applauds the work that was completed during Phase 2 of the LTP tariff changes to ensure that the evaluation process is clearly defined. Specifically, we support the requirement that ISO-NE publish an evaluation report during the selection phase.<sup>10</sup> We suggest that ISO-NE publish an evaluation report that compares all proposals quantitatively and qualitatively, not just the selected project, demonstrating why the selected project(s) was chosen. CAISO's evaluation report serves as a positive example of a transparent explanation of the comparative analysis that occurs within the process<sup>11</sup>. This practice instills confidence in the process, promotes learning, and encourages competition in future RFPs, ensuring future RFPs are more successful.

Attachment K 16.4(h) of the OATT provides a non-exhaustive list of potential factors that the ISO-NE may consider when evaluating competitive proposals. To ensure that proposals are evaluated fairly NEET recommends that quantitative or qualitative evaluation criteria are defined and shared with developers before the RFP window opens. Providing detailed evaluation metrics ahead of

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<sup>10</sup> ISO-NE OATT Attachment K 16.4(i)

<sup>11</sup> California ISO. (04/11/2024) 2022-2023 Transmission Planning Process. North Gila-Imperial Valley #2 500 kV Line Project – Project Sponsor Selection Report [Online] Available at: <https://stakeholdercenter.caiso.com/InitiativeDocuments/NorthGila-ImperialValley2500kVLineProjectSponsorSelectionReport-FinalReport.pdf>

the solicitation enables developers to focus on the factors that are most important to NESCOE and ISO-NE. This process has been effective in instilling public trust in other competitive transmission solicitations that NEET has participated in.

To ensure a fair and transparent evaluation process related to the electrical analysis and simulation, it is essential that all files and cases – including steady state, dynamic, short circuit cases, transfer analysis files with source and sink definitions, production cost modeling cases, and system one-line diagrams – be made available to all interested developers simultaneously before the solicitation window opens. Additionally, all base cases and sensitivity cases intended for evaluation should be disclosed along with the RFP, and no changes, such as those involving load, generation, and topology to the power flow case, should be made after the RFP window closes. The criteria for project selection must be transparent and repeatable, enabling proposing entities to simulate them accurately and confidently.

NEET provides the following feedback on select criteria listed in Attachment K 16.4(h):

- **Cost cap or cost containment provisions**

Evaluation, both quantitative and qualitative, of cost cap and cost containment is key to protecting ratepayer interest. NEET suggests that ISO-NE use a neutral third-party expert to develop cost estimates for each proposal and evaluate cost overrun scenarios to determine the effectiveness of cost containment provisions. Please see Cost Containment section below for more detail

- **In-service date of the project**

ISO-NE should evaluate a proposal's ability to meet its designated in-service date by examining several critical factors. These include the comprehensiveness and realism of the proposed schedules, the clarity and completeness of project milestones, and the scope of activities detailed in the schedules. Additionally, the flexibility of the schedule to accommodate unforeseen delays, the project sponsor's track record for on-time delivery, and any potential risks associated with the sponsor's proposal should be considered. NEET recommends that a milestone schedule be a required submission in the RFP, and that the agreement includes provisions for schedule adjustments in response to impacts beyond the developer's control.

- **Project constructability**

ISO-NE should hire a neutral third-party expert to evaluate the constructability of the proposed solutions, ensuring an unbiased and thorough assessment. This assessment should consider that generally only preliminary desktop analyses will be available at the time bids are submitted. Developers should be required to provide detailed descriptions of constructability challenges and proposed mitigation strategies based on the preliminary data. Additionally, developers should be required to list the experience and qualifications of their project teams and contractors, highlighting experience relevant to both regional and national projects.

The third-party expert's evaluation should consider detailed engineering and design plans, resource availability, site and environmental assessments, permitting and regulatory compliance, robust project management and execution plans, and comprehensive risk management strategies. Given the limitations of preliminary desktop analysis, the evaluator should focus on the realism and thoroughness of developers' plans for more detailed follow-up analyses, as well as the developers' track records in managing similar projects under similar conditions. By incorporating these elements and requiring specific, detailed information from developers, ISO-NE can ensure a robust and reliable constructability evaluation that supports successful project outcomes.

- **Future expandability**

NEET supports the evaluation of expandability and notes that it can reduce the total cost to ratepayers over the life of the project. Should ISO-NE evaluate physical or electrical expandability, a clear explanation must be provided of how this will occur.

- **Qualified Transmission Project Sponsor(s) capabilities**

Given the complexity and importance of this solicitation, NEET strongly recommends that ISO-NE should evaluate the QTPS's ability to develop the proposed project based on:

1. Financial strength and resources
  - Ability to finance the project
  - Capacity to assume liability for major losses
2. Technical expertise and track record
  - Experience in constructing and maintaining transmission facilities
  - Demonstrated success in completing similar projects on time and within budget
3. Documented experience acquiring rights-of-way (ROW)
4. Project management capabilities
  - Ability to navigate licensing and regulatory processes
  - Proven strategies for mitigating construction and operational risks
5. Operational readiness
  - Demonstrated capacity to operate and maintain the proposed facility
  - Plans for ensuring long-term reliability and performance

- **Potential siting/permitting issues or delays**

ISO-NE should evaluate potential siting and permitting delays by adopting a comprehensive approach that addresses the following key elements:

1. **Detailed Permitting Plans:** Require developers to submit thorough permitting plans that outline all necessary local, state, and federal permits, along with a realistic timeline for obtaining each permit. This should include a clear pathway to securing full site control, especially for those who do not yet have it.
2. **Regulatory Environment Analysis:** Analyze the regulatory landscape within the project area, considering historical data on approval timelines and any recent changes in regulations. This helps in understanding the potential challenges developers might face.
3. **Experience and Track Record:** Review the developer's past experiences with similar projects, particularly in obtaining permits and managing siting challenges. Documented success in similar projects, both regionally and nationally, can be a strong predictor of future performance.
4. **Risk Management Strategies:** Assess the comprehensiveness of developers' risk management plans, which should include identification of potential delays and detailed mitigation strategies. Developers should quantify how their plans will lower costs, efforts, and the overall timeframe for project completion.

NEET recommends that each solution is evaluated on its own within the context of the sub-need it seeks to solve. This will allow the ISO to choose the best solution for each of the stated needs, encourage robust competition, and develop a transmission solution that best serves reliability and guarantees the lowest cost solution to rate payers.

## Cost Containment

The scale of the transmission projects procured under the LTTP, combined with the challenges of routing, environmental constraints, permitting, public engagement, regulatory approvals, and fluctuating construction costs, makes effective risk management imperative. These transmission projects entail numerous challenges that are complex and often interdependent, requiring coordination among multiple stakeholders. NEET recognizes that cost to ratepayers is paramount and that ratepayers should not be fully burdened with the development risk of new infrastructure.

Due to the intricacies involved and the timing of these risks, developers have limited opportunities to mitigate them during the RFP stage. It is impractical and counterproductive to expect transmission developers to bear the full risk, especially when costs, schedules, and scopes are often unclear or beyond their control at the time of the bid. In a scenario where developers bear significant project risk, the project would necessitate a considerably larger contingency budget or risk premium on cost and return on equity ("ROE") to reflect the underlying uncertainty, cost which will ultimately be passed to ratepayers. Additionally, should unlikely macroeconomic

conditions impact the project flexible risk sharing strategies reduce project termination risk.

A balanced approach to risk allocation is essential to ensure the timely and cost-effective delivery of transmission projects, safeguarding ratepayers while maintaining developer viability.

### **Cost Containment Recommendations**

To ensure a balanced allocation of development risks and incentives between developers and the states, NEET recommends enabling developers to propose either a hard cap or a soft cap on capital expenditures.

1. **Enable Selection of Hard or Soft Cap:** Developers may choose to propose a hard cap or a soft cap on capital expenditures in their bids or submit uncontained capital costs. This mandate ensures a proactive approach to risk containment, incentivizing developers to protect ratepayers from cost overruns.
2. **Optionality for Soft Cap Implementation:** If developers select a soft cap, they should be given the flexibility to provide tailored cost containment options. This will enable developers to propose unique cost containment mechanisms, such as risk sharing between developers and ratepayers, ATRR caps, schedule penalties, O&M caps, or ROE caps, among others. Under the soft cap mechanism, cost overruns may be shared between ratepayers and developers, offering a flexible yet accountable approach to managing unforeseen expenses.

While optional soft cap proposals allow ISO-NE to receive tailored solutions that can effectively incentivize developers to contain costs and protect ratepayers, it is crucial for ISO-NE to establish a robust evaluation framework to determine the impact to ratepayers. NEET recommends that ISO-NE quantitatively evaluate proposed cost containment mechanisms and conduct a comprehensive analysis of cost overrun scenarios. This includes evaluating the impact of 50%, and 100% cost overruns to thoroughly assess how different proposals would affect ratepayers and the extent of protection provided by the cost containment mechanisms.

### **Standardized Exclusions**

To ensure a fair and transparent bidding process, ISO-NE should establish standardized exclusions to the proposed cost cap. These exclusions will create a level playing field among bidders and simplify the evaluation of proposals. By providing a predefined list of exclusions, the ISO-NE will ensure consistency in how developers account for uncontrollable costs. These standardized exclusions should cover typical cost categories that are beyond the developer's direct control and are prudently incurred.

Examples of Standardized Exclusions:

- Changes required by regulators, ISOs, or interconnecting transmission owners
- Force majeure events
- Changes in laws or regulations

- Significant scope or routing changes due to state or local laws
- Undergrounding of previously proposed overhead lines
- Regulatory or governmental actions or inactions, and court orders
- Costs associated with remediation and rerouting associated with unforeseen environmental contamination

These standardized exclusions will help reduce the developer's contingency and risk premium, incentivize prudent cost management, and ensure project completion. Additionally, standardized exclusions simplify the evaluation process and allow the ISO to focus on the robustness of cost containment strategies proposed by developers.

By enabling the selection of a hard or soft cap on capital expenditures, allowing tailored cost containment strategies for the soft cap, and defining standardized exclusions, the RFP will effectively manage the allocation of risks. It is crucial that the evaluation of cost containment mechanisms is thorough and consistent to ensure fair and effective risk management. This approach encourages responsible bidding and timely, within-budget project delivery, while safeguarding ratepayers from excessive financial burdens.

Integrating these recommendations into the NESCOE Long-Term Transmission Planning RFP will foster a balanced, innovative, and risk-mitigated environment for the development of essential transmission projects. This will ensure a cost-effective transmission solution that serves the best interests of developers and ratepayers alike.

## Conclusion

By addressing critical issues such as the inclusion of the Boston Import interface, resolving competitive barriers, and ensuring a transparent and fair RFP evaluation process, NESCOE and ISO-NE can support regional reliability, economic development, and the integration of resources in northern Maine to southern New England. This approach will benefit all stakeholders and drive progress toward a more reliable and efficient New England power grid.

A shortened LTP RFP solicitation and evaluation timeline, balanced risk allocation, and clear evaluation criteria will ensure the timely delivery of cost-effective transmission solutions that protect ratepayer interests. This comprehensive framework will enable the New England power system to meet future demands, support clean energy goals, and enhance market efficiency. NEET is committed to participating with NESCOE and ISO-NE in this transformative initiative, ensuring long-term benefits for the region's economy, environment, and ratepayers.