



memo

To: Planning Advisory Committee

From: Brent Oberlin, Director of Transmission Planning

Date: March 19, 2020

Subject: Boston 2028 Competitive Transmission Request for Proposals (RFP) – Posting of Phase One Proposals

This memo provides additional information related to requests to immediately post the Phase One Proposals received in response to the Boston 2028 RFP (the RFP) issued on December 20, 2019. On March 11, 2020, the ISO emailed the following notification to the Planning Advisory Committee regarding publishing the Phase One Proposals:

The ISO has received a number of questions from stakeholders asking when the ISO intends to publish the Phase One Proposals received in response to the Boston 2028 Request for Proposal (RFP). As described in Section 1.3 of Part 1 of the Boston 2028 RFP (https://www.iso-ne.com/static-assets/documents/2019/12/boston_2028_rfp_documents.zip), the ISO is working toward posting a list of qualifying Phase One Proposals on or before 175 calendar days from March 4th, which is August 26, 2020. As part of this posting, the ISO will include all Phase One Proposals received prior to the submittal deadline on March 4, 2020. The ISO is working expeditiously to complete the review of all Phase One Proposals and will post the list of qualifying Phase One Proposals as soon as the work is complete.

In response to the RFP, the ISO received 36 Phase One Proposals from eight Qualified Transmission Project Sponsors (QTPSs). The installed cost estimates provided in the Phase One Proposals range from approximately \$49M to \$745M, with in-service dates ranging from March 2023 to December 2026. A number of different technologies were included as part of the proposals, including AC facilities, HVDC facilities, STATCOMs, and synchronous condensers.

The ISO and its consultants are in the process of reviewing the Phase One Proposals to develop the draft listing of qualifying Phase One Proposals, which will be eligible to move to the Phase Two Solution. This effort is currently on target for completion no later than August 26, 2020. In order to provide more time for stakeholder review of the ISO's draft listing of qualifying Phase One Proposals, the ISO is seeking to expedite its reviews.

Based on our preliminary review of the Phase One Proposals, the ISO is continuing with its original plan to provide the list of Phase One Proposals only when the ISO's draft findings can be included as part of the

posting. The draft findings will describe why any Phase One Proposals are excluded from consideration in the Phase Two Solution process. The ISO has concerns with various proposals and the information provided in response to questions in the RFP. Based on a preliminary review of the Phase One Proposals themselves, the ISO's concerns include:

- Some Phase One Proposals do not meet the identified needs,
- Some Phase One Proposals violate the Tariff, and
- Due to the two phase RFP process, some of the life-cycle costs are misleading¹

Posting a list of the Phase One Proposals with these potential serious flaws without noting them will not facilitate meaningful stakeholder discussion or review, and will result in wasted effort as non-compliant proposals are evaluated. This will waste stakeholder time as they evaluate proposals that are not expected to advance to Phase Two, and ISO time as stakeholders seek to engage it in dialogue about the perceived merits of various proposals.

Since the March 11 email notification, the ISO has also received requests to publish the responses to Question 2 in the RFP. Question 2 requested an executive summary of the proposal which stated:

Provide a narrative description of the Phase One Proposal highlighting the key project-related attributes including, at a minimum, installed cost, life-cycle cost⁴, a summary of the proposed schedule⁵, design, the timing to procure real estate, and an explanation of how the proposed project addresses the identified needs. Any cost containment provisions should also be described in this summary. This public version will be posted on the public section of the ISO's website when the list of proposals that meet the stated need is posted. It should not contain CEII or confidential information on of the project.

It is important that these executive summaries discuss key attributes of the Phase One Proposal as opposed to merely providing general descriptions of the QTPS Respondent's organization and/or accomplishments.

In addition to the concerns noted above with the proposals themselves, the ISO also has concerns with the information contained in the responses to Question 2. The ISO had intended to mask the names of the developers (to try to limit any bias during stakeholder review) and simply publish the responses to Question 2. However, even with masking, the ISO has concerns that some of the responses thwart the ISO's intent to let each proposal stand on its own merits. Some examples are:

- Rather than describing the project, some responses are written as an advertisement for the project
- Some responses include language that criticizes other possible proposals

¹ Section 4 of the RFP states that "For proposed modifications to existing element(s) where the QTPS Respondent is not the PTO for the existing system element(s) the QTPS Respondent is not required to include the costs of these upgrades in establishing the life-cycle cost." While it appears that the QTPSs have correctly followed these instructions, Phase One Proposals that include upgrades for existing system elements show an understated life-cycle cost in Phase One. The total life-cycle cost, which includes PTO upgrades for the existing system, are not known until Phase Two. Where a significant number of upgrades to the existing system have been included as part of the Phase One Proposal, the delta between the provided life-cycle cost and the expected life-cycle cost can be hundreds of millions of dollars.

- Some responses refer to specific technologies that would essentially identify the QTPS. Masking this information would remove a significant portion of the response.

Due to the concerns with the proposals and the responses to Question 2, the ISO does not believe that it is appropriate to provide the list of Phase One Proposals without including the ISO's draft findings.