

ISO-NE Comments on the Overlay Network Expansion (ONE) Transmission Concept
that NESCOE staff presented to PAC on April 14, 2021

July 27, 2021

Thank you for presenting the Overlay Network Expansion (ONE) Transmission Concept to the ISO and stakeholders at the PAC on April 14 and for providing an opportunity to comment. The ISO supports the idea of optimizing solutions to reliability, economic, and public policy based needs. We offer the following comments about the ONE Transmission concept – first, to ensure we have a full understanding of the concept, and second, to convey some early concerns about the practical implementation of the concept as it is outlined.

Timing

As the ISO understands the concept, public policy studies would be performed on their own cycle, with solution development paused until a reliability need is identified where the solutions may overlap. As such, to prevent delays in addressing reliability concerns, a public policy needs assessment would not be initiated every time that a transmission system reliability need is identified. Assuming this is correct, it would be helpful for NESCOE to clarify the process in a situation where reliability concerns are not identified in a particular area and yet the states would like to move forward with addressing the public policy.

The ONE Transmission concept contemplates a periodic cycle of system reliability review, with the caveat that the ISO has the ability to study an area any time that it is needed. The process would need to be clear as to what happens if a study is initiated off-cycle, including solution development, and that study is not completed prior to reaching the start date of the next cycle. In this example, there would be no value in starting the next cycle if the first cycle has not been completed. A possible way for the ISO to address the states' concern is to produce a schedule that lays out the plan for periodic studies of each area of the system. With such a schedule, stakeholders would need to keep in mind that a significant change in assumptions for a particular area of the system may drive the need to accelerate a Needs Assessment in that area, possibly impacting the schedule for other areas.

Information and Assumptions

When Needs Assessments are performed on the transmission system within the ten-year horizon, the system is modeled in detail. The ISO has established practices to evaluate the system within this context. However, when evaluating the system on the order of 30 years into the future, numerous simplifying assumptions must be made since the necessary detail is not available and it is unlikely that it would be available at the time of the public policy study. As an example, the ISO may not have full information regarding the location of all new load serving substations and their associated load. Given that some input data will be assumed and not known for sure, the process could yield two studies in which the results may not be relevant to each other. While this may be an acceptable outcome, the ISO wants to make sure that this is understood.

Decision Making

This ONE Transmission process seems to put the ISO in the position of deciding whether or not to pursue public policy projects. The states would likely be in a better position to understand the cost/benefit trade-offs of public policy projects and therefore should be making the decision on whether or not to proceed and what upgrades to pursue. The decision-making roles will need to be clarified under this process.

Cost

While cost allocation has been tabled for the time being for this concept, the process will need to address cost allocation if a solution addresses *both* reliability and public policy needs.

Request for Proposals

More guidance on the administration of RFPs under this proposal would be helpful. The current ISO process requires that the evaluation factors be prioritized as part of the RFP to help respondents know where to focus their solutions. It will be challenging for an RFP to combine multiple processes, especially since the concept allows the public policy needs to be dropped upon seeing the proposals from the Qualified Transmission Project Sponsors (QTPSs). Not only does this complicate issuance of the RFP, but it also raises issues for the QTPSs. Because the public policy concepts can be dropped after seeing the proposals, to be able to continue to participate, it appears that the QTPSs will have to submit proposals that solve only the reliability needs, proposals that solve both reliability and public policy, and potentially a third that only resolves public policy. This appears to increase the burden on the QTPSs to prepare proposals, and the ISO to evaluate proposals, with potentially changing metrics during the evaluation period.

We look forward to discussing this with you further. Thank you for the opportunity to comment.