

Longer-Term Transmission Planning In New England

PJM Independent State Agencies Committee
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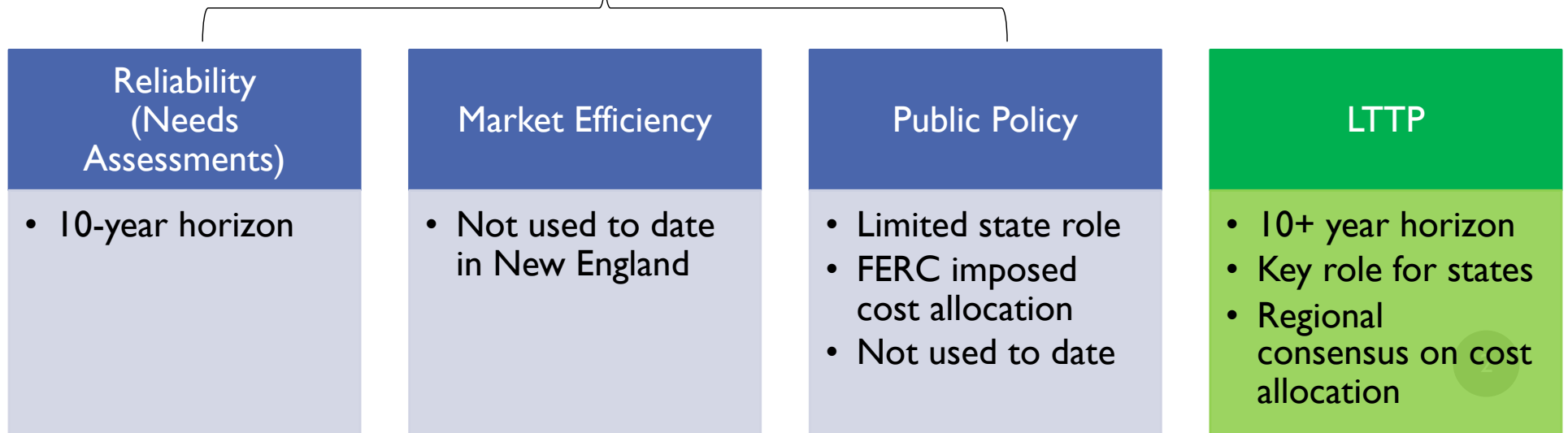


PROCESS OVERVIEW PREPARED BY NESCOE STAFF

Background

- In 2020, NESCOE requested that ISO-NE initiate a planning effort that provides a high-level transmission system plan to meet the needs of the states' energy transition, with participation and input by state officials
- The resulting longer-term transmission planning (LTTP) process, developed through strong collaboration between NESCOE, ISO-NE, and stakeholders, includes two phases:
 1. state-requested longer-term transmission studies
 2. competitive process for transmission investment in connection with longer-term studies
- LTTP processes are optional and complementary to existing Order 1000 constructs

Existing Order 1000 Processes



LTTP Process Initiation

- NESCOE requests a longer-term transmission study
 - NESCOE defines assumptions, scenarios, and timeframes
 - There are opportunities for stakeholder feedback following NESCOE's request, during study design, and following the results of the study
 - **Study results are informational only – no requirement for action**
- Upon completion of a longer-term study, NESCOE determines whether there are any concerns that it wishes to address through an RFP
 - ISO-NE consults with NESCOE during this process and may identify non-time-sensitive reliability or market efficiency needs that could be included in the RFP
 - Stakeholders also have the opportunity to provide feedback on NESCOE's selected concerns
 - NESCOE ultimately decides what concerns/needs to address through an RFP
- Once NESCOE requests that ISO-NE issue an RFP, ISO-NE manages RFP process and evaluation
 - NESCOE has the right to request that ISO-NE terminate the RFP at any time

LTTP Process Evaluation

- ISO-NE evaluates proposals using two sets of evaluation factors
 - Reliability/functional assessment (similar to factors used in existing competitive processes)
 - Financial benefit assessment
- ISO-NE will determine the benefit-cost ratio (BCR) of all proposals that meet the need(s) and are competitive by considering five core benefits valued by all states
 - Production cost and congestion savings
 - Avoided capital cost of local resources needed to serve demand
 - Avoided transmission investment
 - Reduction in losses
 - Reduction in expected unserved energy
- The results of ISO-NE's evaluation are presented to stakeholders and stakeholders have the opportunity to provide feedback

LTTP Process Project Selection

- There are two avenues for project selection, depending on the results of the BCR analysis
- If **at least one** project has a BCR greater than 1.0, **no state action required** to select project
 - ISO-NE identifies a preferred solution and makes final selection
 - NESCOE has 30 days to request termination or alternative cost allocation
 - 100% of costs are regionalized unless NESCOE provides an alternative cost allocation
- If **no project** has a BCR greater than 1.0, **state action required** to select project
 - ISO-NE recommends a proposal for state consideration
 - NESCOE has 30 days to select a project, which may or may not be the ISO-NE recommended solution of those under the BCR threshold
 - Costs commensurate with the BCR tariff criteria will be regionalized with one or more states agreeing to cover the remaining costs

Current Status

States currently have the option to request that ISO-NE issue an RFP based on the results of the first longer-term transmission study

- Option remains open until NESCOE requests the next longer-term transmission study
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Phase 1

- Tariff changes accepted by FERC in January 2022 (ER22-727)
- First longer-term transmission [study](#) completed in February 2024
 - Follow on analysis on [offshore wind relocation](#) and [offshore wind points of interconnection](#) screening nearly complete
 - All info on study can be found [here](#)

Phase 2

- Tariff changes accepted by FERC in July 2024 (ER24-1978)

Conclusion

- LTTP processes reflect close collaboration among NESCOE, ISO-NE, and stakeholders
- LTTP processes create path forward for investment in policy-based transmission that provides an appropriate role for states while also allowing for more holistic transmission investment
 - ✓ Ability to incorporate non-time-sensitive reliability and market efficiency needs
 - ✓ States request and determine scope and key assumptions of longer-term transmission studies
 - ✓ States determine which concerns, if any, to pursue through an RFP
 - ✓ Unanimous state support for financial benefits and subsequent cost allocation
 - ✓ States can terminate RFP at any time
 - ✓ Multiple opportunities during the LTTP process for stakeholders to provide feedback
- NESCOE is committed to continuing discussions with ISO-NE and stakeholders on ways to further enhance longer-term transmission planning in New England

Questions?

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