UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Competitive Transmission Development Technical Conference	**)** **)**	**Docket No. AD16-18-000**

INTRODUCTORY COMMENTS OF JOHN P. BUECHLER
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NEW YORK INDEPENDENT SYSTEM OPERATOR

Good afternoon, my name is John P. Buechler. I am the Executive Regulatory Policy Advisor for the New York Independent System Operator ("NYISO") and have served in that position for the past fourteen years. Over the years, I have had primary responsibility for the development of NYISO's voluntary Comprehensive Reliability Planning Process, which was approved by the Commission in 2004 as well as subsequent compliance filings in response to Order Nos. 890 and 1000. In my thirty-year career with the Long Island Lighting Company, I held various managerial positions, principally associated with Corporate and Strategic Planning responsibilities. Thank you for the opportunity to participate in today's technical conference which addresses issues of critical importance to the Commission and the industry.

In accordance with NYISO's participation on Panel 4, my testimony will primarily address Interregional Transmission Planning Coordination between NYISO and its Northeast United States regional neighbors--PJM and ISO-NE--with whom we have engaged in coordinated planning activities under a formal Protocol since 2004. I was the NYISO's representative in the formation of that agreement.

BACKGROUND

Since its inception, NYISO has coordinated various aspects of its regional transmission planning with its Northeast U.S. neighbors, PJM and ISO-NE. The three Northeast ISOs/RTOs voluntarily entered into a formal agreement, the Northeast ISO/RTO Planning Coordination Protocol ("Protocol") in 2004. The original Protocol, which was based upon a similar agreement between PJM and MISO, provided for data and information exchange, development of models for use in joint studies, coordination of regional interconnection and transmission service requests which could have interregional impacts. Under the Protocol, interregional system assessments and system expansion studies were performed and documented in periodic (typically bi-annual) reports known as the Northeast Coordinated System Plan ("NCSP").

Significant elements of the original Protocol exceeded the requirements of Order No. 1000, including:

- A multi-lateral interregional planning process
- A formal interregional planning committee--the Joint ISO/RTO Planning Committee ("JIPC")
- A dedicated interregional stakeholder process and committee--the Interregional Planning Stakeholder Advisory Committee ("IPSAC")
- Development and publication of the Northeast Coordinated System Plan
- A dispute resolution mechanism

In our respective responses to Order No. 890's encouragement of interregional planning coordination, the Northeast ISO/RTOs referenced the existing Protocol in support of their respective compliance filings with the Commission.

ORDER 1000 INTERREGIONAL PLANNING REQUIREMENTS

Order No. 1000 required all transmission providers to develop further procedures with neighboring regions to provide for the following:

- The sharing of information regarding the respective needs of each region and potential solutions to these needs
- The identification and joint evaluation of interregional transmission facilities that may be more efficient or cost-effective solutions to these regional needs

FERC emphasized the central importance of the regional planning processes, noting that interregional transmission coordination should complement local and regional transmission planning processes and not substitute for these processes. The periodic review of each ISO/RTO's regional plan identifies the potential need for interregional transmission projects. Consistent with these requirements, and as further detailed below, the Northeast ISO/RTOs filed an Amended Northeast Coordinated System Planning Protocol, which provides that interregional planning is an integral part of each regional process.

Order No. 1000 also requires the development of specific interregional coordination procedures, including a procedure to identify and jointly evaluate interregional transmission facilities proposed to be located in neighboring transmission planning regions. Additionally, the order requires a developer of an interregional transmission project to first propose its project through the regional transmission planning processes of each of the neighboring regions where the facility is proposed to be located. The interregional evaluation must be conducted in the same general timeframe as each regional evaluation.

The NYISO believes that having an explicit linkage between the interregional and regional planning processes provides coordinated analysis, information and transparency to stakeholders in the respective regions. This linkage also allows each region to make informed decisions regarding the potential benefits of an interregional transmission project. This process should serve to facilitate, rather than delay, the selection of a potential interregional transmission project by both regions.

Another Order No. 1000 requirement is for each pair of neighboring transmission providers to include interregional cost-allocation procedures in their tariffs. For both regional and interregional cost allocation, Order No. 1000 adopted a principles-based, rather than a "one-size-fits-all," approach, and recognized that regional differences may warrant different methodologies. FERC determined that the interregional cost-allocation methodology that two regions agree to may differ from their respective regional cost-allocation methodologies. Also, the method to allocate a region's share of the costs for an interregional facility may differ from the method the respective regions use to allocate the costs of a regional facility. Both regional planning processes must first select an interregional project for it to receive cost allocation under the interregional cost-allocation process.

The NYISO continues to believe that these requirements are appropriate and consistent with Order No. 1000's cost allocation principles which provide that the cost of an interregional transmission project cannot be involuntarily imposed on any region that does not receive any benefits from that project and does not agree to accept the costs. Additionally, the increased certainty provided by the ex-ante default cost allocation should help reduce the risk of litigation. The *ex ante* cost-allocation methodology for interregional projects filed by the Northeast ISO/RTOs, which was accepted by the Commission, is based on the avoided costs of the respective regional projects the interregional solution would replace. The NYISO continues to believe that this methodology provide a reasonable measure of the respective benefits of interregional projects among regions.

COMPLIANCE & IMPLEMENTATION STATUS

While already meeting or exceeding Order 1000's interregional planning requirements, ISO-NE, NYISO and PJM worked together and with their stakeholders during 2012 and 2013 to modify the Protocol to provide the linkages with their respective regional planning processes and to include a cost allocation mechanism for interregional transmission projects. The proposed revisions were thoroughly vetted with stakeholders through the IPSAC as well as the regional stakeholder committees. The three regions filed an Amended Protocol along with revisions to their tariffs and Operating Agreements, as applicable, in July 2013. The regions agreed that the Amended Protocol would retain those existing elements that exceed the Order No. 1000 requirements.

In November 2015, the Commission issued a final compliance Order accepting the interregional planning filings from the ISOs/RTOs, including those existing provisions in the Amended Protocol that exceed Order No. 1000's requirements.

The Northeast ISOs/RTOs have been coordinating their planning activities under the Amended Protocol in accordance with the regional and interregional principles of Order No. 1000 since 2014. The 2015 Northeast Coordinated System Plan (NCSP 15), issued in April 2016, documents the activities conducted during 2014 and 2015 focused on implementation of these Order 1000 requirements as well as summarizing several of the critical planning issues that the three ISO/RTOs are addressing (*e.g.* - compliance with environmental regulations, integration of increasing amounts of renewable resources, distributed generation, fuel assurance, implementation of competitive transmission solicitations to address reliability, economic efficiency and public policy needs.)

The NCSP 15 Report, which is posted on NYISO's interregional planning website at http://www.nyiso.com/public/webdocs/markets_operations/services/planning/ipsac/2015_Northeastern_Coordinated_System_Plan.pdf also outlines a variety of other interregional planning activities that ISO-NE, NYISO and PJM actively participate in with each other. These include national and interregional planning activities with NERC and its regional entities--the Northeast Power Coordinating Council ("NPCC") and Reliability First Corporation ("RFC"). The three regions proactively coordinate planning activities with other neighboring ISO/RTO and non-ISO/RTO regions across the Eastern Interconnection through the Eastern Interconnection Planning Collaborative ("EIPC") and the ISO/RTO Council's Planning Committee.

While the NCSP 15 did not identify the need for any new interregional transmission facilities at this time, the Northeast ISO/RTOs continue to evaluate interregional needs that may arise.

SUMMARY

Since its inception, the NYISO has coordinated with PJM and ISO-NE to facilitate the interconnection of nearly 2000MW of additional interconnection capacity between the regions. These facilities include:

- Cross Sound Cable - a 330 MW HVDC interconnection between Long Island and Connecticut
- Neptune - a 660 MW HVDC interconnection between Long Island and New Jersey
- Hudson Transmission Project - a 660 MW HVDC interconnection between New York City and New Jersey

- Linden Variable Frequency Transformer ("VFT") - a 315 MW interconnection between New York City and New Jersey

NYISO supports the Commission's goals in Order 1000 to incent the development of needed transmission facilities through a competitive process that stimulates innovative solutions to provide benefits to consumers. Transmission is needed in New York to replace and enhance aging transmission infrastructure and to facilitate federal and state public policy initiatives by delivering the benefits of clean and renewable resources to consumers.

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