

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on November 27, 2012

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
James L. Larocca
Gregg C. Sayre

CASE 12-T-0502 - Proceeding on Motion to Examine Alternating
Current Transmission Upgrades.

ORDER INSTITUTING PROCEEDING

(Issued and Effective November 30, 2012)

BY THE COMMISSION:

INTRODUCTION

Constraints on the State's electric transmission system can lead to significant congestion and contribute to higher energy costs and reliability concerns. Various studies, including those performed by the New York Independent System Operator ("NYISO") and the New York Transmission Owners ("NYTOs"), have identified the alternating current ("AC") electric transmission corridor that traverses the Mohawk Valley Region, the Capital Region, and the Lower Hudson Valley as a source of persistent congestion. The corridor includes facilities connected to Marcy, New Scotland, Leeds, and Pleasant Valley substations, and two major electrical interfaces (i.e., groups of circuits) that are often referred to as "Central East" and "UPNY/SENY." A schematic map illustrating the congested

transmission corridor and the two interfaces is attached hereto as an appendix.

Upgrading this section of the transmission system has the potential to bring a number of benefits to New York's ratepayers. These include enhanced system reliability, flexibility, and efficiency, reduced environmental and health impacts,¹ increased diversity in supply, and long-term benefits in terms of job growth, development of efficient new generating resources at lower cost in upstate areas, and mitigation of reliability problems that may arise with expected generator retirements. The recently-released New York Energy Highway Blueprint issued by the Governor's Energy Highway Task Force recommends upgrades to this corridor providing approximately 1,000 MW of additional transmission capacity and representing a total investment of \$1 billion.² The Energy Highway Blueprint further suggests that some projects addressing the identified congestion issues should commence construction in 2014.

In pursuit of these important goals of congestion relief and reliability enhancement and the other ratepayer benefits described above, we institute this proceeding to solicit written public Statements of Intent from developers and transmission owners proposing projects that will increase transfer capacity through the congested transmission corridor, which includes the Central East and UPNY/SENY interfaces as described above, and meet the objectives of the Energy Highway Blueprint. Sponsors of proposals that will require

¹ Increasing the transmission capacity into high load areas downstate is expected to reduce nitrogen oxide ("NO_x") and other emissions contributing to the area's designation as "nonattainment" under the federal air quality standard for ozone.

² The New York Energy Highway Blueprint was issued in October 2012 and is available at <http://www.nyenergyhighway.com/Blueprint.html>.

certification from this Commission under Article VII of the Public Service Law should provide a schedule for the submission of a complete application. We also invite developers and transmission owners contemplating alternative transmission facilities that meet our objectives but do not require Article VII Certificates to submit Statements of Intent and schedules for the submission of any necessary permit applications. All Statements of Intent must be filed with the Secretary of the Public Service Commission electronically by January 25, 2013.

Following submission of Statements of Intent, Staff will undertake a multi-agency review and evaluation process to develop a structure and deadlines for making project-specific determinations. We expect Staff to consider whether phased reviews, perhaps on an interface by interface approach, will maximize the overall benefits to the public. We further direct Staff to perform coordinated hearings on a joint record wherever such an approach is likely to facilitate timely decision-making.

Statements of Intent should include the following:

- (a) The respondent's name, address, and primary contact information including telephone number and e-mail address;
- (b) A project description, including geographic location, bulk electric system location, proposed interconnection points, and transmission capability in energy and capacity;
- (c) A concise discussion of the project's compatibility with the goals and benefits identified in this order;
- (d) The projected in-service date and project development schedule including an estimate of the time needed to prepare and submit applications for any regulatory approvals necessary to begin construction;
- (e) An identification of the general financial structure supporting the project and funding options, including whether the project would be supported by rates set under

our jurisdiction, Federal Energy Regulatory Commission rates, or in some other manner;

- (f) A statement of the NYISO interconnection study status of the project;
- (g) An identification of the extent to which the project would utilize existing rights-of-way and/or previously disturbed land; and
- (h) Preliminary cost estimates for the project.

Following Staff's review of the proposals submitted in accordance with this order, and upon consideration of Staff's recommendations as to procedural matters, we will institute further proceedings under Article VII or other applicable provisions of the Public Service Law in order to make project-specific determinations. To the extent joint proceedings or combined records may be appropriate, we will undertake them.

TECHNICAL CONFERENCE

The Department of Public Service will host a public technical conference on December 17, 2012, commencing at 10:30 a.m. at the Department's offices at 3 Empire State Plaza, 19th Floor Board Room, Albany, New York, to provide technical assistance to potential developers and transmission owners contemplating the submittal of Statements of Intent.

The Commission orders:

1. A proceeding is instituted to examine proposals that meet the congestion reduction objectives set forth in this Order.

2. This proceeding is continued.

By the Commission,

(SIGNED)

JACLYN A. BRILLING
Secretary

