NYOffshore WindAlliance

119 Washington Avenue, Suite 103

Albany, NY 12210

518.432.1405

info@aceny.org | www.aceny.org

TO: JASON FRASIER, NYISO

FROM: FRED ZALCMAN, NEW YORK OFFSHORE WIND ALLIANCE (NYOWA)

SUBJECT: New York City (NYC) Public Policy Transmission Need (PPTN) – Comments

DATE: November 03, 2023

NYOWA members offer the following preliminary comments for your consideration as you develop the NYC PPTN solicitation. Some of the comments focus on the evaluation criteria in the RFP that NYISO will be issuing, and others focus on the scope of the PPTN solutions.

A) PPTN EVALUATION CRITERIA RELATED ISSUES WITH NYOWA RECOMMENDATIONS:

1) PERMITTING RISK:

NYOWA notes that the PPTN notice does not acknowledge the permitting implications of having independent transmission developers constructing offshore platforms and laying cables in or adjacent to BOEM lease areas. The ambiguity in federal regulations that would allow for the permitting of such works, combined with the lack of any track record of such projects being implemented by a transmission developer that does not own an OSW lease, suggests the importance of clear federal permitting guidelines for the transmission developer and the offshore wind developer relying on the PPTN solution.

NYOWA notes that given the ambiguity of federal regulations, BOEM staff may not be able to provide firm guidance on the ability for any proposals to receive permits. Further, NYOWA notes that if any proposals are deemed "connected actions" to generation projects, then the permitting timelines for the offshore generation projects may also be impacted.

NYOWA Recommendation 1a: NYOWA recommends significant engagement with BOEM prior to any PPTN recommendation so that the permitting implications to any selection involving transmission infrastructure in, or through, federal waters are understood by the NYISO before

it makes an award. This will minimize negative impacts to both the recommended transmission project, as well as the generation projects that may utilize the asset.

NYOWA Recommendation 1b: NYOWA recommends that a significant factor in any potential PPTN award is the feasibility of a transmission bidder's permitting plan. The Federal permitting process for the offshore network will add uncertainty to the project. BOEM will need to make a competitiveness determination and subsequently undertake a General Activities Plan (GAP) and NEPA process that will take several years. Therefore, a permitting plan needs to be a critical consideration of the bidder's PPTN application.

NYOWA Recommendation 1c: To make the above federal permitting process easier, NYOWA recommends that the PPTN bidders be required to assume that offshore converter stations would be located within the lease areas (unless it can be shown that siting a converter station in a lease area presents unreasonable challenges) and upon award, to work closely with generators on proper siting of the platforms.

2) HVDC and EXPORT CABLE PROCUREMENT RISK:

NYOWA notes that a significant constraint in the global OSW supply chain is the availability of HVDC systems. Recent orders placed in more mature OSW markets have diminished the available manufacturing slots for HVDC components, towers, and cable in the near term. Additionally, the design process for HVDC systems requires significant lead time and resources.

NYOWA Recommendation 2: NYOWA recommends that NYISO consider a transmission bidder's demonstrated experience with HVDC and the limited number of OEMs that manufacture such systems. Developers with limited technical experience will struggle to complete the site investigations, metocean analysis, design, and certification process for the HVDC systems. Further, developers with limited procurement experience will have a significant learning curve as they negotiate the complex combination of HVDC and offshore platform fabrication and installation.

3) OPERATIONS COST AND RESPONSIBILITY RISK:

One factor to consider in the independent ownership of a transmission grid is the independent transmission developer's ability to perform planned and unplanned maintenance of the transmission system to ensure maximum operability throughout its useful life. To that end, NYOWA would urge that a transmission developer's operational capabilities be a key factor in the selection of any independent offshore transmission system.

NYOWA Recommendation 3: NYISO should require transmission developers develop an O&M plan as part of their responses to a PPTN, and any PPTN award should be contingent on any transmission developer following industry best practices for O&M, such as establishing cable repair contracts and practices to minimize the duration of any planned or unplanned outages. Additionally, NYOWA would strongly discourage NYISO from considering any proposals that "cap" O&M costs in any way.

B) SCOPE OF PPTN SOLUTIONS:

The following comments focus on the scope of the PPTN solutions. They are for your consideration; we do not have specific recommendations yet on these issues.

1) SYSTEM COMPATIBILITY

Related to the above, NYOWA notes that complications could arise from having multiple independent owners of offshore transmission grids. NYISO should consider the operational complexities should it consider deviating from the selection of a singular "end-to-end" project.

2) CURTAILMENT AND BASIS RISK

The compensation structure of NYSERDA's OREC requires the OSW developer to bear significant revenue risk for the term of the PPA. NYOWA notes that this paradigm, while not preferred under normal circumstances, presents extraordinary risks when considered in the context of the proposed PPTN framework, as the PPTN will direct a minimum of 4.7GW of OSW to a very limited number of places on the grid, potentially leading to significant basis and curtailment risk throughout the life of the asset.

NYOWA would welcome a further dialogue on these comments in an appropriate NYISO stakeholder forum. As potential users of any PPTN solution identified by the NYISO, the NYOWA developer-members have an important stake in ensuring that the process is designed to address its inherent complexities and to yield the most viable, cost effective, and timely outcome.