NESCOE
New England States Committee on Electricity

NESCOE Submission Regarding
Transmission Needs Driven by State and Federal Public Policy Requirements

May 1, 2017

Pursuant to Section 4A.1 of Attachment K of the ISO New England Inc. ("ISO-NE") Open Access Transmission Tariff (the "OATT"),[1] the New England States Committee on Electricity ("NESCOE") hereby provides this submission to ISO-NE regarding transmission needs driven by state and federal Public Policy Requirements ("PPRs").

NESCOE has carefully considered the input that members of the ISO-NE Planning Advisory Committee (the "Stakeholders") have provided regarding state or federal policy-driven transmissions needs.[2] NESCOE is not requesting that ISO-NE initiate a Public Policy Transmission Study in the current planning cycle. NESCOE has determined that, at this time and for the reasons discussed below, there are no state or federal PPRs "driving transmission needs relating to the New England Transmission System."[3]

As part of this communication, in accordance with the OATT, NESCOE explains why Stakeholder-identified transmission needs will not be evaluated for potential solutions. While not required by the OATT, given Stakeholders' focus on individual state laws, the explanation regarding those state laws is provided in the form of responses from the NESCOE Manager(s) of each New England state. These responses, which are attached, are hereby incorporated into and made a part of this NESCOE submission. Regarding the one Stakeholder's assertion that there is a federal PPR that drives a transmission need, NESCOE discusses below its evaluation of this assertion.

Stakeholder-identified state PPRs driving a transmission need

At this time and for the reasons each state provides in the attached responses, no New England state has determined that the Stakeholder-identified laws of its state drive a transmission need for the current planning cycle.

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1 The OATT is Section II of the ISO-NE Transmission, Markets, and Services Tariff (the "Tariff"). Capitalized terms not defined herein are intended to have the meaning given to such terms in the Tariff.

2 ISO-NE has posted submissions from Stakeholders at https://iso-ne.com/system-planning/system-plans-studies/public-policy-transmission-upgrades.

3 This communication does not reflect NESCOE's perspective or the perspective of any NESCOE Manager in connection with any particular project proposal(s). Moreover, this communication should not be read as foreclosing transmission developed pursuant to various state laws but rather as a determination that there are no Stakeholder-identified PPRs that at this time warrant the study of regionalized, customer-supported transmission solutions.

Stakeholder-identified federal PPRs driving a transmission need

Only one Stakeholder, National Grid, asserts that there is a federal policy that in its view drives a transmission need. National Grid cites to Presidential Permit 76-1 and 10 C.F.R §§ 205.320 to 205.329 as the PPR driving such a need. National Grid states that "Article 3 of Presidential Permit 76-1 requires that 'operating studies shall be performed on an ongoing basis to: identify, from time to time, regional conditions under which the permitted facilities may be operated in isolated mode at the 2000 MW level, without jeopardizing regional reliability or placing restrictions on the' Mid-Atlantic and Northeast system." National Grid further states that "[t]ransmission facilities or upgrades are needed to facilitate the increase of hydroelectric energy procurement to separate the power source feeding into the HVDC Phase I/II line between Quebec and New England."

While NESCOE appreciates National Grid's efforts to explore approaches aimed at bringing "economic, reliability, and environmental benefits" to the region, NESCOE does not believe that there is a sufficient basis at this time to warrant ISO-NE's evaluation of solutions to the issue raised by National Grid..

At the outset, Presidential Permit 76-1 does not meet the definition of a PPR under the Tariff. The Tariff defines a PPR as "a requirement reflected in a statute enacted by, or a regulation promulgated by, the federal government or a state or local (e.g., municipal or county) government."[4] Section 4A.1 of Attachment K limits stakeholders to providing input on PPRs.[5] National Grid cites to federal regulations that are of general applicability to presidential permits, and it states that Presidential Permit 76-1 *implements* these regulations. The permit at issue is not a PPR, and NESCOE is concerned about setting any precedent that expands the definition to regulatory activities beyond what the Tariff prescribes.

Even if this were a PPR, the purpose of Article 3 of Presidential Permit 76-1 is to set forth operational "conditions and limitations." NESCOE interprets the required operational studies under the permit as a means to monitor the reliability impact that the Phase I/II facilities might have on the system and to examine how to operate the existing grid consistent with maintaining reliability. National Grid's comments appear to confuse such operational study requirements with a need for new or upgraded transmission facilities. To the extent National Grid is asserting that these provisions constitute a federal directive relative to transmission infrastructure, NESCOE does not draw the same conclusion. The presidential permit cited by National Grid does not support the initiation of a Public Policy Transmission Study.

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4 Section I of the Tariff.

5 In contrast, under Section 4A.1, NESCOE may identify not only a PPR as the basis for a Public Policy Transmission Study request but also any other "public policy-related transmission needs."

Conclusion

NESCOE appreciates ISO-NE's efforts in initiating the process for a Public Policy Transmission Study, as well as the engagement of Stakeholders in this first public policy planning cycle. NESCOE looks forward to working with ISO-NE and others in connection with future planning cycles that will consider whether policy needs should be evaluated for regional transmission solutions.

Attachment – State Responses

CONNECTICUT'S RESPONSE TO PLANNING ADVISORY COMMITTEE MEMBERS' COMMENTS REGARDING STATE AND FEDERAL POLICY REQUIREMENTS IDENTIFIED AS DRIVING TRANSMISSION NEEDS RELATING TO THE NEW ENGLAND TRANSMISSION SYSTEM

Pursuant to Section 4A.1 of Attachment K of the ISO-NE, Inc. (ISO-NE) Transmission, Markets and Services Tariff (Tariff), the State of Connecticut is informing the New England States Committee on Electricity (NESCOE) that none of the federal or Connecticut statutes and regulations identified by members of the Planning Advisory Committee as Public Policy Requirements drive transmission needs. Additionally, Connecticut is informing NESCOE that, at this time, there is no federal or Connecticut "public policy-related transmission need" that should be evaluated pursuant to Section 4A.1 of Attachment K.[1]

A Public Policy Requirement (PPR) is defined in Section I of the Tariff as "a requirement reflected in a statute enacted by, or a regulation promulgated by, the federal government or a state or local government." A PPR identified under Section I *must* drive a transmission need.[2] *See* FERC *Order on Rehearing and Compliance*, No. ER13-193-001,150 FERC ¶ 61,209 at paragraph 133 (March 19, 2015) ("ISO-NE, in its role proposed in the Second Compliance Filing, will not…'have the authority to make judgments on states' behalf *about state policies* or to make decisions for a state *about the means by which a state will satisfy its state public policy objectives or at what costs*.' Rather, ISO-NE will consider, with input from stakeholders, only transmission needs driven by public policy requirements, which is a role appropriate for its function as a regional transmission organization and independent system operator.") (emphasis added).

Pursuant to the process laid out in Section 4A.1 of Attachment K of the Tariff, ISO-NE initiated the Public Policy Transmission Upgrade Process (PPTU) on January 11, 2017 by requesting input from stakeholders on potential state, federal, and local PPRs. In response to the ISO's request, three stakeholders identified twelve Connecticut statutes and Public Acts that could be Connecticut PPRs. Those statutes include:

1. General Statutes § 16-1 *et seq*: Connecticut Public Utility Regulatory Authority enabling statutes
2. General Statutes § 16-244: Connecticut's deregulation statute
3. General Statutes § 16-244p: Requirement that the Connecticut Department of Energy and Environmental Protection review any transmission line in which a Connecticut electric company has a financial interest or will be constructed in Connecticut
4. General Statutes § 16-243m: Authorizes PURA to implement measures to reduce federally mandates congestion charges
5. General Statutes § 16a-4a: Connecticut's Office of Policy Management duties and powers

[1] Under Section 4A.1 of Attachment K, a PPR is distinct from the much broader term "public policy-related transmission needs" which allows the states to determine if a transmission upgrade is appropriate to address a state policy that can be met through means other than transmission.
[2] *See Id.*

6. Public Act 15-194: An Act Concerning the Encouragement of Local Economic Development and Access to Residential Renewable Energy
7. General Statutes § 22a-200 et seq.: Connecticut's Global Warming Solutions Act
8. Public Act 15-107: An Act Concerning Affordable and Reliable Energy
9. Public Act 13-303: An Act Concerning Connecticut's Clean Energy Goals
10. General Statutes § 3a-b: Connecticut's Integrated Resource Plan
11. General Statutes § 16a-3d: Connecticut's Comprehensive Energy Strategy
12. General Statutes § 16-245a: Connecticut's Renewable Portfolio Standards

As the stakeholders largely acknowledged in their submissions, that none of the statutes cited by the stakeholders create a public policy that *must* be met through a transmission upgrade.[3] Accordingly, as discussed further below, none of the statutes is a PPR that drives transmission needs. Sections 16-243m, 16-244, 16-244p, 16-1 et seq., and 16a-4a of the Connecticut General Statutes and Public Acts 15-194 do not reasonably create a public policy related transmission need and therefore further discussion is not warranted. While none of the other statutes cited by stakeholders directly drive transmission needs; they do generally relate to Connecticut's energy and environmental policies and further discussion is provided.

Public Acts 13-303 and 15-107:

Public Acts 13-303 and 15-107 are discretionary procurement statutes that could result in Connecticut ratepayer funded transmission projects. Public Act 13-303 authorizes the Commissioner of the Department of Energy and Environmental Protection (DEEP) to solicit proposals for Class I renewable energy sources, verifiable large-scale hydropower, run-of-the-river hydropower, landfill methane gas, and biomass and direct the Connecticut Electric Distribution Companies (EDCs) to enter into contracts for up to thirteen percent of load served by the EDCs. Public Act 15-107 authorizes the Commissioner to solicit proposals for passive demand response of one megawatt or more, Class I renewable energy sources, Class III sources, energy storage systems, verifiable large-scale hydropower, and Class I renewable energy sources balanced with Class II renewable energy sources and direct the EDCs to enter into contracts for up to ten percent of load served by the EDCs. Both statutes either explicitly or implicitly allow for ratepayer support for transmission construction associated with any selected projects if such projects are in the interest of Connecticut ratepayers, as determined by the Commissioner. The statutes are permissive and grant the Commissioner of DEEP broad discretion over the evaluation and selection of any proposals in response to any of the solicitations. Additionally, neither Public Act mandates selection of any project or requires Connecticut ratepayer support for transmission construction to satisfy the procurement authority.

Connecticut recently conducted two solicitations pursuant to Public Acts 13-303 and 15-107. DEEP received more than 100 bids from eligible projects including six transmission proposals. After a lengthy and thorough evaluation process, the Commissioner selected nine projects but did not select any transmission projects. At this time, Public Acts 13-303 and 15-107 do not create public policy goals that drive transmission needs relating to the New England transmission system.

[3] Stakeholder comments can be found on the ISO-NE website at https://www.iso-ne.com/static-assets/documents/2017/03/2017_public_policy_requirements_stakeholder_submittals_combined.pdf.

General Statutes § 16-245a:

Section 16-245a of the General Statutes is Connecticut's Renewable Portfolio Standard (RPS) statute. The RPS is a state policy that requires electric providers to obtain a specified percentage or amount of the energy they generate or sell from renewable sources. This policy creates a financial incentive for development of renewable energy projects by ensuring a market for the renewable energy attribute of clean generation. Owners of electricity generation projects that qualify as renewable under one of the three classes of Connecticut's RPS receive one renewable energy certificate (REC) for every megawatt-hour of electricity they produce. These RECs are tradable commodities that allow the environmental attribute of the renewable energy to be bought and sold separately from the energy commodity itself. A renewable generator can either contract to sell its energy, "bundled" with the accompanying attribute value directly to an electricity provider (usually at a premium above the wholesale electricity price), or it can "unbundle" the REC and the energy and sell them separately in regional wholesale markets. Separate portfolio standards are required for energy sources classified as Class I, Class II, or Class III. Electric suppliers are required to obtain 3.0% and 4.0% of the amount of electricity they sell from Class II and Class III, respectively. Electric suppliers are required to obtain 15.5% of the amount of electricity they sell from Class I renewable energy sources in 2017, which escalates annually until 20% in 2020.

REC trades and purchases are tracked through the NEPOOL Generation Information System (NEPOOL-GIS). Connecticut renewable energy sources can be located in the Independent System Operator of New England (ISO-NE) Control Area or in an Adjacent Control Area. The ISO-NE Control Area includes: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. The Adjacent Control Areas that can import into ISO-NE includes: New York, Quebec and the Maritime Provinces (New Brunswick, Nova Scotia and Prince Edward Island).

Electric suppliers are required to demonstrate compliance with the RPS to the Connecticut Public Utility Regulatory Authority (PURA) on an annual basis. EDCs and electric suppliers that fail to comply with the Class I and Class II RPS requirements during an annual period must pay $0.055 per kWh ($55/MWh) to PURA. EDCs and electric suppliers that fail to comply with the Class III RPS requirements during an annual period must pay $0.031 per kWh ($31/MWh) to PURA. Recent trends in REC pricing, growth of behind the meter solar projects, effective implementation of energy efficiency programs, and new long-term clean energy projects contracted for under Public Acts 13-303 and 15-107 have attracted a significant supply of regional RECs without creating a need for transmission projects. Section 16-245a of the General Statutes does not, at this time, drive transmission needs relating to the New England transmission system.

General Statutes § 22a-200 et seq.:

Section 22a-200 et seq. of the General Statutes is Connecticut's Global Warming Solutions Act (GWSA). These statutes require the state to reduce the level of greenhouse gas (GHG) emissions to 10% below 1990 levels by 2020 and 80% below 2001 levels by 2050. Since passage of the Global Warming Solutions Act in 2008, Connecticut has advanced numerous forward-thinking public policies, legislation, programs, and groundbreaking regional initiatives to reduce GHG emissions, including:

- becoming a founding member of the Regional Greenhouse Gas Initiative, the first U.S. mandatory market-based regulatory program aimed at reducing GHG emissions from the electric-power sector — a program whose revenues have enabled the state to direct millions of dollars into energy efficiency and renewable energy;
- adopting the New England Governors and Eastern Canadian Premiers resolution to achieve a 2030 reduction marker in the range of at least 35 percent to 45 percent below 1990 levels;
- doubling investments in cost-effective energy efficiency programs;
- signing a memorandum of understanding with seven other states to put 3.3 million zero-emission vehicles on the road by 2025 and joining 12 European and North American governments in creating the International ZEV Alliance to accelerate global adoption of ZEVs;
- establishing the Connecticut Green Bank, the nation's first full-scale financial institution devoted to driving investment in clean energy deployment;
- enacting legislation to increase the state's RPS to further support production of energy from renewable sources such as wind, solar, and geothermal;
- developing the state's first-ever Comprehensive Energy Strategy— an assessment of, and strategy for, all residential, commercial, and industrial energy issues, including energy efficiency, industry, electricity, natural gas, and transportation;
- coordinating clean energy procurement with other states in the region;
- participating in the Transportation and Climate Initiative, a regional collaboration that seeks to reduce GHG emissions in the transportation sector;
- joining the Climate Group, an international collaboration among sub-national governments (cities, states and regions) promoting climate protection and climate change adaptation globally;
- launching the Connecticut Institute for Resilience and Climate Adaptation, a partnership between DEEP and the University of Connecticut, to engage the natural and social science disciplines to develop policy and practice designed to increase the resilience and sustainability of vulnerable communities along the state's coast and inland waterways; and
- fostering development of a network of clean-energy task forces in municipalities across the state through critical support and funding to the Clean Energy Communities Program.

This leadership is paying off as Connecticut transitions to a clean energy economy. Between 1990 and 2013 (the most recent year for which full data is available), Connecticut has reduced its carbon emissions 9 percent on a generation basis and 4 percent on a consumption basis.[4] Connecticut's greatest progress in reducing statewide GHG emissions has occurred in the electric power sector, where emissions decreased 34 percent since 1990. These reductions can be attributed to state policies and programs that encourage investment in energy efficiency in homes and businesses, a shift to cleaner fuels and generation sources, and increased deployment of renewable energy sources.

It is also important to note that since 1990 Connecticut has seen an overall decline in GHG emissions and at the same time an increase in the gross state product and population. This

[4] 2013 Connecticut Greenhouse Gas Emissions Inventory available at http://www.ct.gov/deep/lib/deep/climatechange/2012_ghg_inventory_2015/ct_2013_ghg_inventory.pdf

underscores the progressive decoupling of economic growth from emission reduction achievements. Although Connecticut's progress in reducing GHG emissions has been significant, far deeper cuts are needed in the coming decades to meet the GWSA 2050 target.

Recognizing the magnitude of the challenge the 2050 goal represents — and the need to extend Connecticut's climate leadership to meet this challenge — Governor Dannel Malloy created the Governor's Council on Climate Change (GC3) through Executive Order 46 on April 22, 2015. The GC3's mission is to "examine the efficacy of existing policies and regulations designed to reduce greenhouse gas emissions and identify new strategies to meet the established emission reduction targets." Specifically, the Council is to:

- establish interim goals that, if met, will ensure that the state will achieve the 2050 target;
- monitor greenhouse gas emission levels in Connecticut annually to determine whether the state is poised to meet the interim goals and the 2050 target; and
- recommend policies, regulations, or legislative actions that will assist in achieving the interim goals and 2050 target.

The work of the GC3 is ongoing and will make recommendations consistent with Governor Malloy's Executive Order. However, as noted above, significant emissions reductions have been accomplished so far without any transmission project needs and the GWSA does not, at this time, drive transmission needs relating to the New England transmission system.

General Statutes § 16a-3d

Section 16a-3d of the General Statutes directs the Commissioner of DEEP to draft a Comprehensive Energy Strategy (CES). The goal of the CES is to develop a plan for all energy needs in the state and to recommend energy policies and long-range planning strategies to achieve:

> a sound economy, the least-cost mix of energy supply sources and measures that reduce demand for energy, giving due regard to such factors as consumer price impacts, security and diversity of fuel supplies and energy generating methods, protection of public health and safety, environmental goals and standards, conservation of energy and energy resources and the ability of the state to compete economically.[5]

In its 2013 CES, DEEP recommended using economic incentives, including PPAs as authorized under Public Acts 13-303 and 15-107, "to bring down the cost of renewable electricity, spur innovation, and promote a portfolio of alternative energy technologies that can compete with existing fossil fuel generation over time."[6] The CES is not a transmission plan. As noted above, DEEP conducted two RFPs pursuant to Public Acts 13-303 and 15-107 and the Commissioner did not select any transmission projects. Accordingly, Section 16a-3d of the General Statutes does not, at this time, drive transmission needs relating to the New England transmission system.

General Statutes §§ 16a-3a-b:

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[5] Conn. Gen. Stat. § **Sec.** 16a-**3d**.

[6] 2013 Comprehensive Energy Strategy for Connecticut, February 19, 2013, p. iv.

Sections 16a-3a and 16a-3b of the General Statutes direct the Commissioner of DEEP to draft an Integrated Resource Plan (IRP). The goal of the IRP is to:

> "review the state's energy and capacity resource assessment and approve the Integrated Resources Plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand response, combined heat and power facilities, distributed generation and other emerging energy technologies to meet the projected requirements of customers in a manner that minimizes the cost of all energy resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards."

The 2014 IRP is the most recent planning document for the state's short-term future electric needs using demand-side and supply-side solutions to meet those needs. DEEP recommended continued support for cost-effective Class I renewable energy sources in order to meet future RPS goals.[7] The 2014 IRP also recommended strategies to reduce the region's vulnerability to natural gas supply constraints, which included potential electric ratepayer support for natural gas pipeline capacity, electric transmission to bring in Class I renewable energy and large-scale hydro power as well as electric ratepayer support for liquefied natural gas and demand response contracts. The Connecticut General Assembly enacted Public Act 15-107 following the release of the 2014 IRP. As discussed above, DEEP conducted multiple RFPs pursuant to Public Act 15-107 in which transmission proposals were allowed to compete. However, no transmission project was selected in those procurements. Thus, the IRP has not created any policy goals that drive transmission needs relating to the New England transmission system.

Based on the aforementioned review the State of Connecticut is informing NESCOE that none of the federal or Connecticut statutes and regulations drive transmission needs, and there is no federal or Connecticut "public policy-related transmission need" that should be evaluated pursuant to Section 4A.1 of Attachment K.

Sincerely,

Mary Sotos

Mary Sotos
Deputy Commissioner
Acting NESCOE Manager
Department of Energy and Environmental Protection

[7] 2014 Integrated Resource Plan for Connecticut, March 17, 2015.
http://www.ct.gov/deep/lib/deep/energy/irp/2014_irp_final.pdf pp. vii; 112-114.

MEMORANDUM

TO: HEATHER HUNT, EXECUTIVE DIRECTOR OF THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY ("NESCOE")

FROM: MARK VANNOY, MAINE NESCOE MANAGER

SUBJECT: NESCOE SUBMISSION REGARDING TRANSMISSION NEEDS DRIVEN BY PUBLIC POLICY REQUIREMENTS

DATE: APRIL 28, 2017

This Memorandum constitutes Maine's response to stakeholder comments regarding Public Policy Requirements submitted in accordance with section 4A.1 of Attachment K of the ISO New England Inc. ("ISO-NE") Open Access Transmission Tariff (the "OATT").

Five stakeholders provided input on Public Policy Requirements, and ISO-NE compiled this input. The five submittals were by Avangrid, Conservation Law Foundation ("CLF"), National Grid, NextEra Energy Transmission and TDI New England. This memorandum responds specifically to the submittals of Avangrid and CLF.

I. Attachment K Process

Attachment K to the ISO-NE OATT implements the process for identification of transmission needs driven by Public Policy Requirements. Under the Attachment K process, stakeholders have an opportunity to identify transmission needs driven by state, federal and local Public Policy Requirements. The states, through NESCOE, have the final say on whether there are transmission needs driven by state Public Policy Requirements. In a communication to ISO-NE, NESCOE may submit a determination of whether any New England state has any state Public Policy Requirements driving transmission needs. The submittal may indicate that there are no transmission needs driven by federal and state Public Policy Requirements identified by stakeholders and in such a case the submittal will contain an explanation of why such Public Policy Requirements identified by stakeholders do not drive transmission.

II. Maine's Public Policy Requirements Do Not Drive Transmission Needs

A. Maine's RPS Requirement

Under Maine statute, each competitive electricity provider doing business in the state is required to demonstrate that new renewable resources account for ten percent of its retail portfolio of supply resources for retail electricity sales. 35-A M.R.S. § 3210(3-A)(A)(10) (2017). The Act also includes an "alternative compliance mechanism" ("ACM") that allows suppliers to pay specified amounts into the Energy Efficiency and Renewable Resource Fund in lieu of compliance with the new renewable resource portfolio requirement.

B. Avangrid's Submittal

Avangrid identifies Maine's RPS statute as a Public Policy Requirement but stops short of expressly stating that the RPS requirement drives a transmission need. Avangrid states that "Maine will need approximately 1,150 GWh of clean energy by 2025 to satisfy [Maine's RPS] requirements." Avangrid submittal at 10.[1] Avangrid also speaks in general terms about the Public Policy Requirements of the New England states requiring the procurement of "substantial solar and wind energy resources from Maine, as well as from hydropower and other renewable resources in Quebec and Atlantic Canada." *Id.* at 21. Avangrid concludes that there is a "primary transmission need" to ensure that clean energy from Maine, Quebec, and Atlantic Canada "is deliverable to the New England Transmission System in a safe, reliable and cost effective manner." *Id.*

C. CLF's submittal

CLF's submittal asserts that there is a New England public policy requirement derived from combining all of the New England states' Public Policy Requirements together. It also identifies Public Policy Requirements derived from Massachusetts law and from Connecticut and Massachusetts laws in the aggregate. The discussion below focuses only on CLF's identification of a combined New England states' Public Policy Requirement.

D. Maine's RPS Requirement Does Not Drive a Transmission Need

Maine's RPS requirement does not drive a transmission need. Currently, Maine easily meets its RPS requirement. There are currently 1885 MW of Maine certified Class 1 renewable resources. Of these Class 1 certified resources, 634.6 MW are biomass and landfill gas resources, and these resources provide between approximately 3,355 GWh a year and 5,003 GWh a year (depending on the capacity factor assumed). The 2016 Renewable Portfolio Requirement Report to the Legislature

[1] Avangrid also cites the Maine Wind Energy Act, 35-A M.R.S. § 3410, which does not impose requirements but rather establishes policy regarding goals and encouragement of renewable electricity generation development. Avangrid does not claim that this statute, which does not impose any requirements, actually drives the need for transmission.

("RPS Report") provides the following information regarding RPS information for 2014:

> RECs from twenty-two facilities were used by suppliers to comply with the 2014 new renewable resource requirement. Eighteen of the facilities are biomass, three are hydro, and one is a wind facility. Twenty of the twenty-two facilities are located in Maine, one is located in Connecticut and one is located in Massachusetts. Of the approximately 811,476 RECs purchased to meet the 2014 portfolio requirement, 99% came from facilities located in Maine.

RPS Report at 7.

The RPS Report stated that requirements and mechanisms in the region appear to be providing sufficient incentives for the continued operation and development of renewable resources sufficient to meet Maine's portfolio requirement. For example, the fact that biomass facilities do not qualify for Class 1 RECs in other states means that biomass resources will be available for Maine RECs. *Id* at 9. Further, no incremental transmission is needed since these resources have already been developed. Regarding Avangrid's statement that Maine will need approximately 1,150 GWH of clean energy by 2025 to satisfy its RPS, this figure is actually a reduction from the forecast for 2017 of 1160 GWh (11,595 GWh x 10%). Maine is on target to meet its 2017 and 2025 RPS requirements without the need for additional resources or transmission.

CLF does not make any effort to demonstrate that individually, Maine has a Public Policy Requirement driving transmission, nor could it credibly do so. Rather, CLF aggregates Maine's RPS requirement together with other states' RPS requirements to suggest that there is an aggregate New England Public Policy Requirement. Maine rejects this approach. As discussed above, Maine does not have any public policy that drives transmission; therefore, CLF cannot create such a policy by simply aggregating Maine's RPS requirements with those of other states.

In conclusion, Maine's Public Policy Requirements do not drive a transmission need.

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

MEMORANDUM

TO: Heather Hunt, Executive Director, NESCOE

FROM: Angela O'Connor, Chairman, Massachusetts Department of Public Utilities and Massachusetts NESCOE Manager

RE: Response to Stakeholder Comments Regarding Public Policy Requirements

DATE: May 1, 2017

On January 11, 2017, ISO New England Inc. ("ISO-NE") issued a public notification for transmission needs driven by state and federal public policy requirements ("PPRs") pursuant to Section 4A.1 of Attachment K of ISO-NE's Open Access Transmission Tariff ("OATT"). Five stakeholders – Avangrid, Inc ("Avangrid"), Conservation Law Foundation ("CLF"), National Grid, NextEra Energy Transmission ("NEET"), and TDI-New England ("TDI-NE") – submitted comments identifying PPRs. Of these, four entities identified purported state-level PPRs, and one entity identified a purported federal PPR.

The states, through NESCOE, are provided the opportunity to review submitted PPRs and determine whether the PPRs drive transmission needs requiring evaluation in ISO-NE's regional planning process. The following comments address the PPRs stakeholders perceived as resulting from Massachusetts statutes and regulations.[1] Upon review of the stakeholder comments and relevant statutes and regulations, Massachusetts does not request that ISO-NE initiate a Public Policy Transmission Study in the current planning cycle. Massachusetts finds that the policies identified by stakeholders do not drive public policy transmission needs subject to the FERC Order 1000 planning process at this time.

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[1] Massachusetts supports NESCOE's analysis and conclusions related to the purported federal PPR as outlined in NESCOE's transmittal letter to ISO-NE.

I. LONG-TERM CONTRACTING

A. Section 83C and Section 83D Solicitations

Sections 83C and 83D of An Act Relative to Green Communities, St. 2008, c. 169[2] require Massachusetts electric distribution companies ("EDCs") to competitively solicit long-term contracts for offshore wind energy generation and clean energy generation resources, respectively.[3] Section 83C requires that the EDCs jointly and competitively solicit cost-effective long-term contracts for offshore wind generation by June 30, 2017, and that they enter into such contracts not later than June 30, 2027 for 1,600 megawatts ("MW") of aggregate nameplate capacity, subject to review and approval by the Department of Public Utilities ("Department"). Section 83D requires that the EDCs jointly and competitively solicit cost-effective long-term contracts for clean energy generation resources by April 1, 2017, and that they enter into such contracts not later than December 31, 2022 for approximately 9,450,000 megawatt hours ("MWh") annually, subject to the Departent's review and approval. Pursuant to Section 83D, a request for proposals ("RFP") for clean energy generation was issued on March 31, 2017.[4] The RFP's timetable anticipates that the EDCs will submit the contracts resulting from the RFP to the Department by April 25, 2018. The EDCs have solicited stakeholder feedback for Section 83C's off-shore wind solicitation, and are finalizing an RFP for approval by the Department and issuance by June 30, 2017. It is unknown at this time when contracts resulting from that solicitation will be final which, again, would be subject to the Department's review and approval.

Avangrid, NEET, TDI-NE, and CLF identified Sections 83C and 83D as PPRs driving transmission needs.[5] Massachusetts recognizes that the outcome of the solicitations may drive the need for transmission infrastructure in the future. However, because we presently lack clarity regarding the outcome of the solicitations and any projects that may

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2 Sections 83C and 83D were added to the Green Communities Act by An Act to Promote Energy Diversity, St. 2016, c. 188, § 12.

3 The regulations implementing to Sections 83C and 83D are 220 C.M.R. § 23.00 et seq., and 220 C.M.R. § 24.00 et seq., respectively.

4 The RFP is available at: https://macleanenergy.files.wordpress.com/2017/03/83d-rfp-and-appendices-final.pdf.

5 NEET also cites to the Massachusetts Administrative Procedures Act, G.L. c. 30A, § 2 ("APA"), as a PPR driving a transmission need in the context of long-term contract proceedings. The APA outlines Massachusetts' administrative procedures in general, and therefore it is not a PPR driving transmission needs.

result from the Section 83C and 83D solicitations, we find it inappropriate to request a Public Policy Transmission Study at this time.

B. Section 83A Solicitations

Section 83A of An Act Relative to Green Communities, St. 2008, c. 169[6] required EDCs to solicit proposals for long-term contracts from renewable energy developers for the purpose of entering into cost-effective long-term contracts to facilitate the financing of renewable energy generation twice over the period January 1, 2013 through December 31, 2016.[7] The EDCs met the statutory requirements of Section 83A through two solicitations for long-term contracts.[8]

Avangrid identified Section 83A as a PPR driving transmission needs. However, the EDCs have not yet submitted the contracts resulting from the second Section 83A solicitation to the Department for review, and long-term contract review proceedings typically take several months to complete. Because we will have no certainty regarding the transmission needs, if any, related to the second Section 83A solicitation until that contract review is complete, any Public Policy Transmission Study request related to Section 83A is not necessary at this time.

II. RENEWABLE PORTFOLIO STANDARD

Massachusetts' Renewable Portfolio Standard ("RPS")[9] requires all retail electric suppliers (including both EDCs and competitive electricity suppliers) to obtain a percentage of electricity from qualifying energy resources for their retail customers.[10] An essential

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6 Section 83A was added to the Green Communities Act by An Act Relative to Competitively Priced Electricity in the Commonwealth, St. 2012, c. 209, § 36.

7 The regulations implementing Section 83A are 220 C.M.R. § 21.00 et seq.

8 The EDCs' first Section 83A solicitation resulted in the submission of six long-term contracts for Department approval in 2013. See Long-Term Contracts for Renewable Energy, D.P.U. 13-146 through D.P.U. 13-149 (2014). The results of the second solicitation are outstanding. Information pertaining to that solicitation is available at: https://cleanenergyrfp.com/.

9 The statute and regulations implementing Massachusetts' RPS are G.L. c. 25A § 11F; 225 C.M.R. §§ 14.00-16.00.

10 Sources eligible for the RPS Class I are post-1997 renewable plants; for the RPS Class II Renewable Energy subclass, pre-1998 renewable plants; for the RPS Class II Waste Energy subclass, pre-1998 Massachusetts waste-to-energy plants; and for the

aspect of the RPS is compliance flexibility. Suppliers may show compliance through various avenues: (1) purchasing and retiring renewable energy certificates ("RECs") from qualified generators; (2) making an Alternative Compliance Payment ("ACP"); (3) retiring "banked" RECs;[11] or (4) some combination of the above. The ACP is an important mechanism to ensure that the RPS promotes the development of renewable energy projects. Statute requires that the ACP rate be set at a level that will stimulate the development of new renewable energy projects.[12] Further, the ACP funds collected from suppliers are used to support the development of renewable energy within the Commonwealth. As a result, local renewable distributed generation resources are continuing to grow in Massachusetts, increasing the supply of RECs available for compliance at a local level without requiring further transmission development.

In their comments, Avangrid, CLF, and NEET identified Massachusetts' RPS as a PPR driving transmission needs. However, as discussed above, the RPS is designed to permit suppliers flexibility in demonstrating compliance. This flexibility ensures that compliance is possible even in the absence of growth in regional transmission infrastructure. Furthermore, the ACP mechanism is designed to support the development of local renewable energy projects within Massachusetts as a source of RECs that is not reliant on transmission growth. The Massachusetts RPS does not drive transmission needs at this time.

III. GREENHOUSE GAS EMISSIONS INITIATIVES

The Global Warming Solutions Act of 2008 ("GWSA") requires a reduction of greenhouse gas ("GHG") emissions in Massachusetts of 25 percent below the 1990 statewide emissions level by 2020, and a reduction in GHG emissions of 80 percent below 1990 levels by 2050. G.L. c. § 21N. In 2016, the Supreme Judicial Court ("SJC") directed the Massachusetts Department of Environmental Protection ("MassDEP") to implement regulations that make progress towards meeting the GWSA 2020 limit and that set enforceable limits on each category of sources selected. Kain v. Department of Environmental Protection, 474 Mass. 278, 300 (2016). To ensure that the promulgation of regulations occurs in a timely manner and to achieve other goals related to climate change, Governor Baker issued Executive Order 569 on September 16, 2016.[13] Pursuant to

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Alternative Portfolio Standard ("APS"), plants using certain "alternative energy" technologies.

[11] Subject to certain limitations, suppliers may "bank" excess RECs for use in a following compliance year. 225 C.M.R. §§ 14.08(2), 15.08(2), 16.07(2).

[12] G.L. c. 25A § 11F(h).

[13] Avangrid and NEET identified Executive Order No. 569 as a PPR driving transmission needs. Executive Order No. 569 does not qualify as a PPR under the

Executive Order 569, MassDEP is required to promulgate final regulations to meet the 2020 statewide emissions limits mandated by the GWSA by August 11, 2017. Executive Order 569, Section 2 (2016).[14]

Avangrid, CLF, and NEET cite the GWSA as a PPR driving transmission needs. Under the GWSA, GHG emissions reductions are achieved through investments in various sectors, including the transportation sector, the gas distribution system, and energy efficiency. Moreover, the regulations implementing the 2020 emissions reductions will not be final until later in 2017. Given these considerations, and particularly in the absence of final regulations, it would be inappropriate to conclude that a request for a Public Policy Transmission Study is required for Massachusetts to meet its commitments to GHG reductions under the GWSA at this time.

IV. OTHER POLICIES

In addition to the policies outlined above, NEET identified three additional PPRs driving transmission needs: (1) the Green Communities program; (2) group purchasing of electricity; and (3) the Community Clean Energy Resiliency Initiative.

The Green Communities program provides technical and financial assistance to qualifying municipalities and local governmental bodies that qualify as green communities with goals of reducing energy consumption, reducing pollution, facilitating the development of renewable and alternative energy facilities, and creating local jobs related to renewable and alternative energy facilities and energy efficiency. G.L. c. 25 § 10.

Massachusetts' group purchasing of electricity provision permits any non-profit institution or government agency to participate in and become a member of any competitively procured program organized and administered for the purpose of group purchasing of electricity, and sets forth certain terms around the bidding process and disposition of real

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OATT, which defines a PPR as "a requirement reflected in a statute enacted by, or a regulation promulgated by, the federal government or a state or local (e.g., municipal or county) government."

[14] The proposed draft regulations include: Reducing Sulfur Hexafluoride Emissions from Gas-Insulated Switchgear, 310 C.M.R. 7.72 (Amended); Reducing Methane Emissions from Natural Gas Distribution Mains and Services, 310 C.M.R. 7.73; Clean Energy Standard, 310 C.M.R. 7.75; Reducing GHG Emissions from Electricity Generating Units, 310 C.M.R. 7.74; Global Warming Solutions Act Requirements for Transportation, 310 C.M.R. 60.05 (Amended); Carbon Dioxide Emission Limits for State Fleet Passenger Vehicles, 310 C.M.R. 60.06. See: http://www.mass.gov/eea/agencies/massdep/air/climate/section3d-comments.html.

property related to renewable energy projects that are part of a power purchase agreement or net metering agreement in such programs. G.L. c. 164 § 137.

The Community Clean Energy Resiliency Initiative is a grant program administered by the Department of Energy Resources focused on municipal resilience that uses clean energy technology solutions to protect communities from interruptions in energy services due to severe climate events made worse by the effects of climate change.[15]

As an initial matter, we disagree that the Community Clean Energy Resiliency Initiative qualifies as a PPR. It derives neither from a statute nor a regulation, and therefore does not meet the OATT's definition of a PPR. Further, neither the Green Communities program nor the group purchasing provision is a PPR, let alone a PPR that drives transmission needs. They do not impose requirements with respect to clean energy. Rather, both programs are permissive in nature, providing assistance to communities interested in pursuing a variety of "green" goals, and permitting certain entities to participate in the competitive procurement of electricity. These programs generally support Massachusetts' broader efforts related to clean energy and climate change mitigation and adaptation. Given their permissive nature, they could not result in the type of projects that would necessitate a Public Policy Transmission Study. Therefore, we conclude that none of these additional statutes and programs identified by NEET are PPRs, and do not drive transmission needs.

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[15] See: http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/resiliency/resiliency-initiative.html.

NEW HAMPSHIRE STATEMENT OF POSITION REGARDING ORDER NO. 1000 "PUBLIC POLICY REQUIREMENTS" IDENTIFIED BY ISO-NEW ENGLAND PLANNING ADVISORY COMMITTEE MEMBERS

April 20, 2017

To Heather Hunt, NESCOE Executive Director and interested parties:

This letter is New Hampshire's official statement of position made in response to recent comments regarding so-called Public Policy Requirements (PPRs) submitted by ISO-New England (ISO-NE) Planning Advisory Committee (PAC) members in accordance with Section 4A.1 of Attachment K to the ISO-NE Open Access Transmission Tariff (OATT).[1] I present this statement of position pursuant to my authority as the New Hampshire Manager for the New England States Committee on Electricity (NESCOE), directly appointed by our State's Governor. If there is any implication of conflict between the NESCOE transmittal letter and this statement of position, for the purposes of establishing New Hampshire's own position, this statement controls.

On January 11, 2017, ISO-NE issued a public solicitation for PAC members to identify any existing PPRs that, in their opinion, would potentially drive so-called "public policy" transmission needs within the ambit of FERC Order No. 1000, associated FERC Orders, and associated ISO-NE OATT provisions.[2] Comments were submitted by the following entities, in alphabetical order: Avangrid; Conservation Law Foundation (CLF); National Grid; NextEra Energy Transmission; and TDI New England. These comments are available at the ISO-NE website here: https://iso-ne.com/static-assets/documents/2017/03/2017_public_policy_requirements_stakeholder_submittals_combined.pdf

Certain PAC members, as delineated below, expressed their opinion that New Hampshire has state policies that implicate potential transmission needs that could trigger the Order No. 1000 planning process. National Grid is the only entity that identified what it believes is a federal PPR.

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[1] Section 4A of Attachment K of the ISO-NE OATT details the region's Public Policy Transmission Study process pursuant to the Federal Energy Regulatory Commission's (FERC) Order No. 1000. (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Reg. 49,841 (Aug. 11, 2011), *order on reh'g*, Order No. 1000-A, 77 Fed. Reg. 32,184 (May 31, 2012)). FERC has defined "Public Policy Requirements" as public policy requirements established by state or federal laws and regulations, including "enacted statutes (*i.e.*, passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level," and including "duly enacted laws or regulations passed by a local governmental entity, such as a municipal or county government." Order No. 1000-A at ¶ 319 (footnote omitted). (*Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities,* Order No. 1000-A, 77 Fed. Reg. 32,184 (May 31, 2012)).

[2] Memo from Brent Oberlin, ISO-NE Director of Transmission Planning, to PAC, January 11, 2017, available at: https://www.iso-ne.com/static-assets/documents/2017/01/a10_2017_public_policy_transmission_upgrde_process_announcement.pdf.

New Hampshire disagrees with these PAC members' arguments. On the basis of our own interpretation of our own state statutes, we do not see any PPRs arising from our own state statutory authorities or regulations, nor have we identified any local laws or regulations that would drive transmission needs. Furthermore, New Hampshire does not concur with National Grid's identification of a federal public policy requirement within the Presidential Permit that it referred to in its comments. Each PAC member's comments that argued in favor of a New Hampshire-relevant PPR will be addressed in turn.

Avangrid

Avangrid, in its February 25, 2017 comments, argued that New Hampshire's Renewable Portfolio Standard (RPS) statute (N.H. REV. ST. ANN. Chapter 362-F) , and its Renewable Energy Certificate (REC) mandates for New Hampshire electric distribution utilities (EDCs), serves as a PPR likely driving future transmission needs, without much elaboration other than pointing to escalating attainment standards.

New Hampshire does not agree. Our position is that our RPS statute, RSA Chapter 362-F, is targeted in the first instance to stimulate renewable energy technologies within our own State, as described in the statutory statement of purpose, RSA 362-F:1: "...It is therefore in the public interest to stimulate investment in low emission renewable energy generation technologies in New England *and, in particular, New Hampshire*, whether at new or existing facilities" (*emphasis added*).

There is no directional requirement in the New Hampshire RPS statute for specific proportions or mandated quantities of specific renewable resources within each RPS class. For instance, distributed generation resources using existing EDC distribution infrastructure could qualify under the New Hampshire RPS without any need for more transmission, as could various types of non-electric renewable energy installations. Therefore, a presumption that Order No. 1000-eligible transmission development is inherently needed to meet the forthcoming New Hampshire RPS attainment levels is not supportable.

In addition, large hydroelectric generation resources, which are expected to be sourced from outside of New Hampshire, are not included within the definition of "renewable energy source" under our RPS statute. Furthermore, New Hampshire EDCs, at their own election, may meet their REC obligations pursuant to RSA 362-F:10, II, by making alternative compliance payments to the Renewable Energy Fund, if sufficient RECs are not available at prices below the specified ceiling price for each class. With this provision in place, there is no expectation by New Hampshire that our RPS statute will drive transmission needs due to organic New Hampshire demand growth for RECs; therefore, there is no basis for the claim that our RPS qualifies as a New Hampshire PPR for the purposes of FERC Order No. 1000 and/or the ISO-NE OATT.

CLF

CLF, in its February 25, 2017 response, also points to the New Hampshire RPS statute generally as forming the basis for a PPR driving transmission needs. It also made the statement that [the RPS] "…cannot be satisfied by monetary payments…," *see* CLF Tabular Response, at p. 1. As described in the New Hampshire response to Avangrid's comments, above, New Hampshire does not agree, as the alternative compliance provision of RSA 362-F:10, II allows for monetization of REC obligations at specified ceiling prices.

National Grid

In its February 27, 2017 response, National Grid argued that the Presidential Permit requirements for the Phase I/II HVDC interconnection between Quebec, Canada, and Southern New England, calling for the commissioning of operating studies on an ongoing basis to "…identify, from time to time, regional conditions under which [Phase I/II] may be operated in isolated mode at the 2000 MW level, without jeopardizing regional reliability or placing restrictions on the Mid-Atlantic and Northeast [transmission] system…" somehow served as a federal PPR driving potential transmission needs. *See* National Grid Tabular Response, at p. 1.

New Hampshire agrees with the NESCOE transmittal letter's approach to the question of National Grid's assertion of a federal PPA. However, in light of the Phase I/II interconnection being largely sited in New Hampshire, we also feel compelled to express our own disagreement with National Grid's argument. A Presidential Permit stipulation is not a Federal statute or regulation promulgated pursuant to the Administrative Procedure Act, nor does this technical requirement for studies regarding a single existing transmission installation somehow implicate a demand for new transmission projects to meet a federal PPR's requirements.

General New Hampshire Statement of Policy Regarding Regional Greenhouse Gas Initiative (RGGI) and other New Hampshire Pollution-Control Policies

Though these matters were not addressed by the PAC members that submitted comments to ISO-NE in response to its solicitation, New Hampshire wishes to underscore its state position regarding greenhouse-gas, and other pollution-control, initiatives of New Hampshire within the context of FERC Order No. 1000. New Hampshire's statutory approach to controlling greenhouse gas emissions is found within N.H. REV. ST. ANN. Chapter 125-O, the Multiple Pollutant Reduction Program statute, with implementation through New Hampshire's participation in the RGGI, Inc.-administered pollution credit trading program for the Northeastern states.

New Hampshire does not agree with any implication that its RSA Chapter 125-O greenhouse gas reduction goals form a basis for a finding of a PPR driving transmission needs, as RGGI is fully technology-neutral requiring only that qualifying sources purchase

allowances, and New Hampshire emitters are in full compliance. Likewise, New Hampshire is in compliance with state and federal clean-air laws, and we will oppose the use of Order No. 1000 PPR findings related to clean-air laws to justify the expense of "public policy transmission" proposals under the OATT.

Sincerely,

Robert R. Scott
Commissioner, New Hampshire Public Utilities Commission
New Hampshire NESCOE Manager

April 18, 2017

Ms. Heather Hunt
Executive Director
New England States Committee on Electricity (NESCOE)
655 Longmeadow Street
Longmeadow, Massachusetts 01106

Dear Ms. Hunt:

Pursuant to my designation as state manager to the New England States Committee on Electricity (NESCOE), this letter constitutes Rhode Island's response to stakeholder comments regarding Public Policy Requirements (PPRs) submitted in accordance with Section 4(A) of Attachment K to the ISO-New England (ISO-NE) Open Access Transmission Tariff (OATT).[1]

On January 11, 2017, ISO-NE issued public notification for stakeholders to identify PPRs that they perceive drive transmission needs consistent with the FERC Order 1000.[2] Each New England state, through NESCOE, is provided the opportunity to review submitted federal and state PPRs and determine whether or not such requirements presently drive transmission needs that are ultimately subject to ISO-NE study, evaluation, and project selection. In the event that a transmission project is selected by ISO-NE pursuant to the public policy transmission planning process, that project would be included in the Regional System Plan, and its costs would be borne by New England consumers.

Five entities[3] submitted input and comments on or by the February 25, 2017 submission deadline. Of these, one entity identified a perceived federal PPR, while the remaining entities submitted perceived PPRs at the state level. Some, but not all, of the submitted state-level PPRs identified statutes embedded within Rhode Island General Laws.[4]

For the reasons detailed below, none of the Rhode Island PPRs identified by stakeholders in this planning cycle establish a need for ISO-NE study at this time.

Response to Stakeholder-Identified Public Policy Requirements

Renewable Energy Standard[5]
Rhode Island's Renewable Energy Standard (RES) requires obligated entities to obtain a percentage of the electricity sold at retail to Rhode Island end-use customers, adjusted for electric line losses, from eligible renewable-energy resources. The percentage, which stands at 11.5 percent in 2017, escalates to 38.5 percent by 2035. Compliance is demonstrated on an annual basis through the procurement and retirement of eligible NEPOOL GIS Renewable Energy Certificates (RECs) and/or Alternative

[1] Section 4(A) of Attachment K of the ISO-NE OATT details the region's Public Policy Transmission Study process pursuant to the Federal Energy Regulatory Commission's (FERC) Order 1000. A PPR is defined in Section 1 of the OATT as "a requirement reflected in a statute enacted by, or a regulation promulgated by, the federal government or a state or local (e.g., municipal or county) government."
[2] Memo from Brent Oberlin, Director of Transmission Planning, ISO-NE to Planning Advisory Committee, January 11, 2017.
[3] Comments were submitted by the following entities: National Grid, TDI New England, Conservation Law Foundation (CLF), NextEra, and Avangrid. National Grid is the only entity that identified what it believes is a federal public policy requirement.
[4] TDI New England and NextEra did not submit Rhode Island-specific public policy requirements; National Grid submitted a federal public policy requirement.
[5] Rhode Island's Renewable Energy Standard is established under General Laws §39-26. Both Avangrid and CLF identified this statute in their respective submittals.

Compliance Payments (ACPs), as provided for in Rhode Island General Laws §39-26-4(d) and (e).[6] As explained below, at this time, the state's RES does not drive public policy transmission needs warranting ISO-NE study as part of the Order 1000 planning process.

As a threshold matter, both Avangrid and CLF specify in their submittals that the Rhode Island RES does not expressly require the construction of transmission infrastructure. This is an accurate assessment.

In addition, Rhode Island's RES establishes multiple pathways for obligated entities to demonstrate compliance with their statutory obligations. These include the procurement and retirement of RECs from qualified renewable facilities generated during a compliance year; the utilization of banked RECs;[7] and/or the submittal of ACPs. There is no statutory requirement as to which method of compliance an obligated entity must use, only that said entity retires enough RECs or submits ACPs (or utilizes a combination of the two) to meet or exceed its annual obligations. At an extreme, even in the event that an obligated entity could not procure any RECs from renewable energy projects located within New England or adjacent control areas due to market supply constraints, that entity could utilize banked RECs (if available) or submit ACPs to meet its compliance obligations. In fact, such periods of tightness in New England's REC market have existed in the past. However, the RES is designed in such a way that any ACPs submitted, regardless of wider market supply conditions, can be utilized to increase "the supply of NE-GIS certificates available for compliance in future years by obligated entities with renewable energy standard requirements" though investments made by the Rhode Island Commerce Corporation's renewable energy development fund.[8] The law does not require that such investments be made in resources necessitating regional transmission; in fact, the purpose of this fund to date has been to support local development of renewable distributed generation resources that do not necessitate regional transmission growth.

Finally, recent regulatory filings by Rhode Island's dominant electric distribution utility (and largest RES obligated entity) demonstrate that local renewable distributed generation resources are projected to produce a substantial quantity of RECs in the coming years, regardless of actual or perceived regional transmission needs. As recently as March 1, 2017, National Grid submitted its 2018 Renewable Energy Standard Procurement Plan[9] which "proposes to use New Renewable Energy Certificates (RECs) obtained through Long-Term Renewable Contracts and the RE Growth Program to fulfill the Company's RES obligations in 2018 in accordance with R.I. Gen. Laws §§ 39-26.1-5(d) and 39-26.6-21(3)." National Grid anticipates that "New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will likely exceed the RES obligation beginning in 2017. The utility's filing includes a forecast of new REC supplies driven by state renewable energy laws that may meet or exceed its projected RES requirements through 2028. Stated plainly, National Grid expects to meet most, if not all, of its RES obligations through renewable projects already under contract. It is evident that state laws and market transformations are helping drive growth in localized clean energy resources, providing an expanding source of RECs that are not dependent on regional transmission growth. Still, should its REC supply forecast change, the utility would still be able to cure any annual shortfall in RECs by utilizing banked RECs in its possession; issue competitive procurements for the remainder of its obligation; or pay the appropriate level of ACPs.

Long-Term Contracting

Within their submittal, Avangrid cites "renewable energy solicitations" as a driver of transmission. In regards to Rhode Island, the text Avangrid provides seems to reference one statutory requirement, while

[6] For more information on Rhode Island's RES, please visit www.ripuc.org/utilityinfo/res.html. There you will find Annual RES Compliance Reports created by the Rhode Island Public Utilities Commission pursuant to state law.
[7] RIGL §39-26-6(a)(3)(ii).
[8] RIGL §39-26-7.
[9] RIPUC Docket #4692, available at: www.ripuc.org/eventsactions/docket/4692page.html.

the corresponding legal citation (repeated in Avangrid's policy matrix) points to a separate and distinct statute. In any case, neither statute drives public policy transmission needs subject to the FERC Order 1000 planning process at this time.

First, Avangrid cites Rhode Island General Laws §39-31, the Affordable Clean Energy Security Act (ACES). Among its several clauses, ACES allows for state participation "in the development and issuance of regional or multi-state competitive solicitation(s) for the development and construction of regional electric-transmission projects" to connect renewable energy projects and/or domestic or international hydroelectric power to New England load centers. Similarly, it allows for the procurement of those same clean energy resources, all of which are subject to regulatory approval. Avangrid specifies in its submittal that ACES does not expressly require the construction of transmission infrastructure. Their assessment is accurate. In fact, ACES does not mandate *any* clean energy and/or transmission procurement activity – it simply enables such activity to occur.

While Avangrid does not specifically cite Rhode Island General Laws §39-26.1, the state's Long-Term Contracting (LTC) Standard for Renewable Energy, the text of their submittal seems to describe part of that law's requirements.[10] Rhode Island's LTC statute provides that "each electric-distribution company shall be required to annually solicit proposals from renewable-energy developers and, provided commercially reasonable proposals have been received, enter into long-term contracts with terms of up to fifteen (15) years for the purchase of capacity, energy, and attributes from newly developed, renewable-energy resources."[11] The law also contains a minimum long-term contract capacity value of ninety (90) megawatts, of which three (3) megawatts must be solar or photovoltaic projects located in the state of Rhode Island,[12] and included a phased procurement requirement. That requirement states, in part, that "[a]t least once per year beginning in 2014, the electric-distribution company shall conduct solicitations until one hundred percent (100%) of the minimum, long-term-contract capacity is met."[13] As of December 2016,[14] the electric distribution utility subject to the LTC Standard has entered into long-term and distributed generation contracts in excess (101.8%) of the 90 MW required by law. It is possible that some of the projects now under contract never become operational, which could necessitate a new solicitation under the LTC statute. However, it is not clear that Rhode Island's LTC statute – even at its full amount – is of a scale significant enough to drive regional transmission needs. As demonstrated through the recent Multi-State Clean Energy RFP, there are projects in development capable of delivering energy to the grid without substantial regional transmission buildout. Therefore, regional transmission is not required to advance Rhode Island's LTC Standard at this time.

Greenhouse Gas Emissions Initiatives

Avangrid's submittal identifies various greenhouse gas emissions initiatives as a potential driver of regional transmission needs that should be subject to the Order 1000 planning process. While not specified in their Public Policy Requirement matrix, the body of Avangrid's submittal identifies Rhode Island General Laws §42-6.2, the Resilient Rhode Island Act of 2014 (Act).

The Act established an executive climate change coordinating council "comprised of officials from state agencies with responsibility and oversight relating to assessing, integrating, and coordinating climate change efforts." This body – the Executive Climate Change Coordinating Council (EC4) – was required to "submit…a plan that includes strategies, programs, and actions to meet targets for greenhouse gas

[10] See page 20 of Avangrid's submitted comments.
[11] RIGL §39-26.1-3.
[12] RIGL §39-26.1-2(7).
[13] For procurement schedule requirements, see RIGL §39-26.1-3(c)(2) and (f).
[14] See www.ripuc.org/eventsactions/docket/4371-NGrid-PHDR-PUC10(1-5-17).pdf, page 4.

emissions reductions" by December 31, 2016.[15] Similar to other New England states, Rhode Island is targeting GHG emissions reductions of eighty percent (80%) below 1990 levels by 2050.

The Ocean State is on the front lines of the effects of climate change, and is strongly committed to mitigating greenhouse gas emissions, while strengthening the resiliency of our population, infrastructure, and economy. As noted in the state's December 2016 Greenhouse Gas Emissions Reduction Plan (Plan):

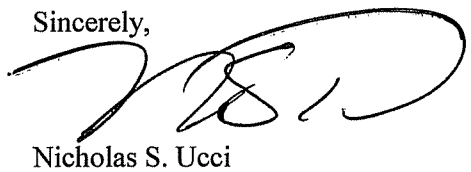
> As a coastal state vulnerable to the impacts of climate change, the need for Rhode Island to take bold action to reduce greenhouse gas emissions is clear. Although climate change presents us with formidable challenges, we also face an unprecedented opportunity to capitalize on technology advances, industry growth opportunities, and innovation as we work to lower our carbon footprint. In transforming our energy systems, we can achieve climate change goals, while unlocking economic opportunity and improving the environmental and public health of our citizens and communities.[16]

There are several reasons why the Act should not be considered a public policy transmission driver under the Order 1000 planning process at this time. First, the state's Plan makes clear that Rhode Island is already poised to meet and exceed the 2020 reduction target under business-as-usual conditions.[17] Also, the emissions reduction targets specified in the Act are economy wide, extending beyond the electric generation sector to include emissions derived from the transportation and thermal sectors as well. Understanding the uncertainty and opportunity facing our state, the Act is careful not to prescribe specific actions or investments (by sector or economy-wide) that the state must take to achieve its emissions reduction targets.

While the Plan does stress the importance of grid de-carbonization over the long-term, it also highlights the significant *localized* opportunities to reduce GHG emissions through *strategic, non-transmission oriented investments*. These include, but are not limited to, significant improvements in energy efficiency (across all sectors), expansion of distributed generation, and the increased deployment of alternatives to fossil fuel use throughout the transportation and building sectors.

Rhode Island is well-suited to weigh the comparative costs and benefits of various emission reduction pathways, and determine which mitigation options most appropriately balance economic, energy, and environmental priorities. As the Plan notes, Rhode Island is at "the beginning, not the end, of an ongoing conversation to advance Rhode Island's GHG mitigation priorities, policies and actions."[18] Rhode Island will continue to be informed by on-going analysis and evaluation of potential GHG emission reduction strategies and technologies. Such work, and any associated policy outcomes, can be taken into account by Rhode Island and stakeholders in future public policy transmission planning cycles.

Sincerely,



Nicholas S. Ucci
Deputy Commissioner of Energy
Rhode Island NESCOE Manager

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[15] The state's GHG Emissions Reduction Plan is accessible at: www.planning.ri.gov/statewideplanning/climate/meetings2.php.
[16] Rhode Island Greenhouse Gas Emissions Reduction Plan, December 2016, page 5.
[17] Ibid, 9.
[18] Ibid, 5.

To: Heather Hunt, Executive Director, NESCOE

From: June E. Tierney, Commissioner, Vermont Department of Public Service; Vermont NESCOE Manager

Date: May 1, 2017

Re: Vermont Response Regarding Stakeholder Input on Order 1000 Public Policy Requirements

Introduction

Please accept this memorandum as the State of Vermont's response to the stakeholder input on Order 1000 public policy requirements. Vermont does not have public policy requirements that drive the need for the development of new transmission at this time. Moreover, as a small state with a limited number of ratepayers, Vermont has enacted laws and policies that seek to avoid new transmission development as a means to keep utility rates affordable. Vermont is therefore particularly concerned about the affordability and fairness of a requirement to pay for new transmission to satisfy the policies of other states, while Vermont policy actively seeks to promote affordability through the avoidance of new transmission.

Background

The Federal Energy Regulatory Commission's (FERC) Order 1000 requires, among other things, that regions plan for transmission needs driven by public policy requirements. In response to that Order, ISO New England Inc. (ISO-NE) filed and received approval for changes to Attachment K of its Open Access Transmission Tariff (OATT) regarding the process for identifying such public policies. Interested stakeholders provided input in late February identifying what they deemed to be public policy requirements driving transmission needs. By May 1, the New England States Committee on Electricity (NESCOE) may submit a request for a Public Policy Transmission Study.

> Along with any such request, NESCOE will provide the ISO with a written explanation of which transmission needs driven by state or federal Public Policy Requirements the ISO will evaluate for potential solutions in the regional planning process, including why other suggested transmission needs will not be evaluated.[1]

The NESCOE communication may consist of a statement to ISO-NE that "no transmission needs are driven by state or federal Public Policy Requirements identified during the stakeholder process" and may explain why no such needs exist.[2] Each New England state is providing a response to the stakeholder input concerning that state's laws, which NESCOE will then transmit

[1] ISO-NE Open Access Transmission Tariff, at Attachment K, Section 4A.1. ISO-NE's OATT is available at https://www.iso-ne.com/static-assets/documents/regulatory/tariff/sect_2/oatt/sect_ii.pdf.
[2] *Id.*

to ISO-NE as part of the NESCOE submission. This document serves that purpose on behalf of the State of Vermont.

Stakeholder Input

Three stakeholders provided input that is relevant to Vermont.

Champlain VT, LLC d/b/a TDI New England (TDI-NE) submitted a letter noting the Massachusetts statutory requirement related to a solicitation for 9,450 GWh per year of clean energy. As TDI-NE notes, "[n]o other New England state currently has a comparable requirement to solicit and potentially purchase such quantities of clean energy."[3] TDI-NE's perspective on the Massachusetts solicitation is that

> While the aforementioned legislation could be interpreted as a state level public policy requirement that drives the need for transmission in New England, TDI-NE strongly recommends that the contemplated competitive MA RFP serve as the exclusive mechanism for identifying the proposal that best meets the objectives of the legislation, and in doing so, identifies the transmission infrastructure that will optimally meet this public policy requirement.[4]

Conservation Law Foundation (CLF) submitted a letter identifying the Renewable Portfolio Standards of each state as public policies driving the need for transmission. Although CLF acknowledges that the statutory requirements do not expressly require the construction of transmission infrastructure, it cites to ISO-NE statements such as "Realizing the states' environmental goals will mean improving the power system's ability to bring the energy from remote wind units and Canadian hydro resources to regional demand centers."[5]

Avangrid, Inc. specifically identified Vermont's Renewable Energy Standard (RES) as requiring 3,400 GWh of clean energy by 2025 based on ISO-NE's 2016 load forecast. Avangrid further notes that the Vermont utilities can comply with the RES through Alternative Compliance Payments (ACP).[6]

Vermont's Renewable Energy Requirements Do Not Drive Transmission Needs

Both CLF and Avangrid identify State renewable requirements, including Vermont's RES, as driving transmission needs. A full review of Vermont's RES demonstrates that transmission is not required for Vermont to meet its renewable requirements.

As background, Vermont did not restructure its electric industry, and utilities are allowed to build and own generation and enter into long-term contracts. Additionally, Vermont fully regulates all of its electric utilities, including municipal and cooperative utilities. Further,

[3] TDI-NE letter of February 23, 2017 at 1.
[4] TDI-NE letter of February 23, 2017 at 2.
[5] CLF February 25, 2017 letter at Attachment, citing ISO-NE 2015 Regional Electricity Outlook at 27.
[6] Avangrid February 25, 2017 letter at 12.

Vermont's statutory policy encourages Vermont utilities to enter into stably priced long-term contracts.[7]

Vermont's RES is the State's recently enacted renewable portfolio standard. It has two components related to increased renewable electric requirements:

Tier 1 requires electric utilities to increase the portion of renewable energy they sell to Vermont customers to 55% in 2017, rising over time to 75% in 2032. Tier 2 requires that an increasing portion (1% in 2017, climbing to 10% in 2032) of electric energy comes from distributed generation (less than 5 MW) that are connected to and support Vermont's subtransmission and distribution grid, or that help to avoid costly transmission upgrades. The Tier 2 requirements are a carve-out of the Tier 1 requirement; in other words the total Tier 1 and Tier 2 requirement in 2032 is 75% of retail sales. Tiers 1 and 2 of the Renewable Energy Standard requires utilities to hold Renewable Energy Certificates (RECs) to satisfy their requirements. *See* 30 V.S.A. § 8005.

A key component of any renewable requirement relates to the vintage of resources that can be used to comply with the requirements. In the case of the RES, there are no vintage restrictions in Tier 1 – in other words, RECs from a 100-year old hydroelectric resource can be used to meet the requirement. There is a sufficient amount of existing renewable resources that provide energy into the system to meet the Tier 1 requirement. Accordingly, the Tier 1 requirement will not drive the need for transmission as it does not drive the need for new renewable resources.

With respect to Tier 2, resources must be commissioned after July 1, 2015; however, they also must be under 5 MW and connected to the Vermont subtransmission or distribution system. A resource could be connected to the transmission system but only if it is part of a plan approved by the Vermont Public Service Board to avoid or defer a transmission system improvement needed to address a transmission system reliability deficiency. Certain projects can count toward Tier 2 and be over 5 MW; however, the electric utility proposing such exceptions must receive Public Service Board approval and must demonstrate that it cannot meet the Tier 2 requirement absent construction of its own. *See,* 30 V.S.A. § 8005. It is expected that these circumstances will be very limited and therefore will not drive the need for transmission. Thus, Vermont does not identify Tier 2 as driving the need for transmission.

In sum, Vermont's RES clearly does not drive the need for the construction or operation of any new transmission.

Vermont Policy Actively Pursues Reductions in Transmission Needs

For the past decade, Vermont's Legislature has enacted statutory requirements and goals that foster the reduction of transmission constraints through planning and the use of distributed generation and other alternative measures. For example, Vermont's renewable energy policy goals include the following statement:

[7] See, 30 V.S.A. § 8001(a)(3). "The General Assembly finds it in the interest of the people of the State to promote the State energy policy established in section 202a of this title by: . . . Providing an incentive for the State's retail electricity providers to enter into affordable, long-term, stably priced renewable energy contracts that mitigate market price fluctuation for Vermonters."

> The General Assembly finds it in the interest of the people of the State to promote the State energy policy established in section 202a of this title by . . . Providing support and incentives to locate renewable energy plants of small and moderate size in a manner that is distributed across the State's electric grid, including locating such plants in areas that will provide benefit to the operation and management of that grid through such means as reducing line losses and addressing transmission and distribution constraints.[8]

Additionally, Vermont's statute regarding Integrated Resource Planning requires that Vermont's electric Transmission Owner develop a 10-year Transmission System Plan:

> The objective of the Plan shall be to identify the potential need for transmission system improvements as early as possible, in order to allow sufficient time to plan and implement more cost-effective nontransmission alternatives to meet reliability needs, wherever feasible.[9]

Consequently, Vermont's statutes and policies not only do not drive transmission needs, but rather endeavor to avoid the need for increased transmission. The reason for this policy is to protect ratepayers from the significant costs of building new transmission projects where the particular need can be served more economically by a non-transmission alternative.

Notwithstanding, Vermont recognizes the regional need for transmission and does not oppose the construction of new transmission where the costs are borne by the beneficiaries of that project. For example, the State has recently supported a proposed merchant transmission project that would run from the Canadian border to southern Vermont. As noted above, the developer of that project, TDI-NE, submitted a letter in this process that does not identify the need for an ISO-NE public policy transmission study.

Renewable Goals and Requirements Alone Do Not Drive Transmission Needs

There are multiple methods through which a state can meet its renewable requirements and goals, with each approach providing costs and benefits that must be considered. For example, a state may wish to prioritize distributed resources and/or energy efficiency over large-scale imports. Such priorities bring about greater in-state jobs and economic development when compared to out-of-state resources.

Additionally, it is important to emphasize that the ability of ratepayers to fund clean energy requirements has its limits. To the extent that an Order 1000 default cost-allocation obliges a state to pay a share of a project that is to be built to further another state's public policy, such a cost allocation materially impinges on the paying state's ability to call on its ratepayers to fund its own clean energy policies. Again, given its small size and limited ratepayer pool, Vermont is particularly concerned about the affordability and fairness of a requirement to pay for new

[8] 30 V.S.A. § 8001(a)(7).
[9] 30 V.S.A. § 218c(d)(1).

transmission to satisfy the policies of other states, while Vermont policy actively seeks to promote affordability through the avoidance of new transmission.

Vermont does not support the imposition of study costs on all New England ratepayers in connection with other states' policy needs.

Conclusion

There are no stakeholder-identified public policy requirements that drive the need for transmission.