



New England States Committee on Electricity

To: New England Transmission Owners (NETOs)
From: NESCOE Staff (Contact: Sheila Keane)
Date: September 15, 2023
Subject: Asset Condition Process Improvements – PAC Guidelines
CC: ISO-NE; Planning Advisory Committee (PAC)

NESCOE appreciates the opportunity to provide feedback on the NETOs’ proposed “Guidelines for Creation of Asset Condition Project Presentations” (Proposed Guidelines), presented to the PAC on August 16, 2023. The Proposed Guidelines represent one important step towards the design and implementation of the stakeholder process improvements that NESCOE has requested with respect to asset condition projects.¹

In general, we find that the Proposed Guidelines are helpful toward improving the consistency of information shared with stakeholders regarding asset condition projects. Currently, asset condition presentations to the PAC serve as the initial, and often only, publicly available discussion of specific asset condition projects. As such, they should clearly and fully describe 1) the proposed project – the need for the project, costs, alternatives considered – and 2) the rationale for the recommended approach in a way that is understandable for the public. They should also be presented to the PAC at a consistent point in the project development timeline to allow for meaningful dialogue with stakeholders, including time for follow-up presentations as appropriate. While verbal presentation at the PAC offers an opportunity for a more fulsome discussion of these projects, the presentations themselves should contain all the salient information about a project on a stand-alone basis.

We offer the following feedback to help improve the clarity and content of these presentations. We have broken our feedback into two categories: general feedback, which includes high-level observations or requests that do not correspond directly to a specific section of the Proposed Guidelines, and section-specific feedback, which corresponds directly to the noted sections of the Proposed Guidelines.

General Feedback

- **Terminology:** We suggest replacing the term “project drivers” with “needs” throughout the Proposed Guidelines to be consistent with familiar terminology used for other types of assessments (e.g., reliability) and to maintain a clear distinction between needs and solutions.
- **Related Efforts:** Presentations should make clear whether the project is part of a known or reasonably anticipated larger effort or program. It is also important to identify whether

¹ NESCOE. *Asset Condition Process Improvements – Next Steps* (July 2023), at <https://nescoe.com/wp-content/uploads/2023/07/Asset-Cond-NETO-Requests-7.14.23-.pdf>.

a project is the result of an assessment that may be repeated elsewhere and yield similar results, even if outside of a formal program. This disclosure would provide stakeholders with a sense of whether the recommended project is likely to be standalone or part of a multi-year wave of future similar projects. If a project may be the first of a wave of similar projects, then the NETO should provide a rationale as to why it should advance now prior to understanding the extent and mitigation cost of similar system-wide needs.

- **Project Updates:** In cases where a NETO updates the project scope or cost from a prior stakeholder communication, the Proposed Guidelines should include a requirement for the presentation to include a full history of scope, costs incurred to date, and total cost estimate (with accuracy level) changes with each presentation update.
- **Proposed Guidelines Review and Update:** The Proposed Guidelines should be revisited to reflect other substantive changes that flow from the on-going asset condition process improvement discussions, which extend beyond these Proposed Guidelines. NESCOE recommends that the Proposed Guidelines include a placeholder to account for the future creation of an Asset Condition Needs and Solutions Guidance Document, similar to the placeholder reserving Section VIII of the Proposed Guidelines for future use if a right-sizing process is developed. Looking further ahead, a regular schedule should be established for the periodic review and update, as necessary, of the Proposed Guidelines.

Section-Specific Feedback

Section 1. Introduction

- The introduction should identify the purpose of the PAC presentation more broadly than providing “transparency into the drivers and costs of regional transmission projects and affording stakeholders the opportunity to comment on these topics in a public forum.” NESCOE recommends that the NETOs make it clear that the PAC presentation is intended to explain the finding of need for asset condition projects, all alternatives considered, and the rationale for the recommended course of action. The presentation also serves as the primary means of soliciting stakeholder feedback, requests for further information, and/or project adjustments.

Section 2. General Guidelines

- NESCOE recommends that the Proposed Guidelines include additional timeline guidance for PAC presentations. For stakeholder review to be meaningful, a consistent and predictable review window is important. For example, the Proposed Guidelines should require that the proponent make a presentation available for stakeholder review at least ten (10) days in advance of an applicable PAC meeting in order to be included on the PAC agenda.
- The Proposed Guidelines should also specify that a presentation be available at a consistent point in the project development timeline to allow for meaningful incorporation of stakeholder feedback in advance of significant expenditures. This timing

should also accommodate the potential need for further stakeholder discussions of the proposed project at subsequent PAC meeting(s). NESCOE suggests 120 days before construction is expected to begin on an asset condition project. If the NETOs or stakeholders prefer another milestone, such as a well-defined and transparent major financial commitment, we would be pleased to hear alternatives to our request.

- PAC asset condition project presentations should be broadly accessible to the public. The NETOs should endeavor to avoid including critical electric infrastructure information (CEII). If a NETO determines that a presentation needs to include CEII, a non-CEII version should also be made available.

Section 3.III. Project Background

- The presentation should include information related to asset criticality such as the project's NPCC BPS classification, location in the bulk electric system, number of customers and/or megawatts of load served (if applicable).

Section 3.V. Project Drivers

- This section should be renamed "Project Needs" consistent with our general recommendation above.
- For needs pertaining to technological obsolescence, the presentation should describe the details of the specific issue and provide information on how other utilities with the same or similar equipment are dealing with this same obsolescence issue.
- For projects that replace assets that are not yet at the end of their useful life, the presentation should identify what derailed the life expectancy of the assets and whether other NETOs are experiencing similar issues.
- Representative photos often help stakeholders understand the need for particular projects. However, appropriate context is often equally helpful. For example, when showing pictures of deteriorated structures, NETOs should explain whether the photo is representative of the overall population or a worst-case outlier for the current assessment.

Section 3.VI. Solution Alternatives

- NESCOE believes that the majority of solution recommendations should be accompanied by alternatives including a cost estimate of each alternative at an appropriate accuracy level given the dollars at stake. Depending on comparative costs between alternatives, it may suffice to limit the resources committed to alternative development to a +200/-50% design level (e.g., desktop assessment) to sufficiently inform decision making. In other cases where alternative costs are similar, it may be necessary to bring both alternatives to the same cost accuracy band.

Section 3.XI. Feedback and Next Steps

- NESCOE appreciates that the Proposed Guidelines require that responses to stakeholder questions be posted in writing to the ISO-NE PAC webpage. NESCOE recommends that the Proposed Guidelines include a timeline by which NETOs must respond to stakeholder questions and a timeline for posting those responses on the PAC webpage. A 15-day reply period may be appropriate, consistent with the window for stakeholder feedback on PAC presentations.

NESCOE looks forward to continued dialogue on this important initiative to improve New England's asset condition project processes to ensure preservation of regional reliability in an affordable manner.