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VIA E-MAIL

Inter-Regional Planning Stakeholder
Advisory Committee
New England-New York-PJM

Re: Achievements and Next Steps - Request
Stakeholder Input

During the June 4, 2021 IPSAC meeting, the three member ISOs/RTOs each made a presentation providing updated information detailing the status of State-based offshore wind generation mandates and the associated development of these resources in their respective region. Following these presentations, the ISO/RTOs were asked whether they would engage in a joint effort to build out a shared interregional transmission structure to support efficiently interconnecting these resources to the grid in each region. Shell Energy North America (US), L.P. is an active participant in the Northeastern ISO/RTO markets. Shell New Energies US LLC is the holder of existing rights in leases issued by the Bureau of Ocean Energy Management (“BOEM”) that are situated in areas that can serve all three of the Northeast ISO/RTOs.¹ Shell Renewables and Energy Solutions is actively engaged in development of renewable resources, including offshore wind (“OSW”) generation and has been studying options and providing input at both the federal and State level on the development of the transmission infrastructure that will be required to support these projects. In response to the Joint ISO/RTO Planning Committee

¹ Together with EDP Renewables, Shell New Energies US LLC jointly holds BOEM leases and was awarded an 804 MW contract to develop its Mayflower Wind project phase 1 off the coast of Massachusetts. It also jointly holds BOEM leasehold interests in another lease area with EDF Renewables North America in the Atlantic Shores venture that was recently awarded a contract by the New Jersey Board of Public Utilities to develop a 1509.6 MW phase 1 project. In light of its significant investment to participate in these initiatives, Shell Energy also has been providing comments on the necessary transmission infrastructure to support efficient OSW generation development in the Northeast. (See, e.g., NYPSC Case 18-E-0071, *In the Matter of Offshore Wind Energy*, “Comments of Shell Energy North America (US), L.P. and Shell New Energies in response to SAPA Notice PSC-07-20-00007-P Supporting Petition Seeking Authorization for 20202 Offshore Wind Generation Procurement” (dated April 20, 2020); see also NYPSC Case 20-E-0197, *Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act*, “Comments of Shell Energy North America (US), L.P. and Shell Renewables and Energy Solutions” (dated March 22, 2021).)

(“JIPC”) request for input at the end of the June 4 IPSAC Meeting, Shell Energy offers this input for the JIPC’s and IPSAC’s consideration.²

When the Federal Energy Regulatory Commission (“FERC”) issued Order No. 1000 in 2011, FERC found that its then-existing, geographically limited Order No. 890 transmission planning mandates failed to adequately account for the potential benefits that could be derived if neighboring regions were able to develop interregional transmission facilities.³ To more efficiently address transmission development, FERC thus directed the ISOs/RTOs to, *inter alia*, coordinate the results of their regional transmission plans to identify potential interregional projects that could address transmission needs more efficiently or cost effectively than the individual projects being proposed in each region.⁴ Following FERC Order No. 1000 directives, the three Northeastern ISO/RTOs submitted a series of compliance filings that included tariff revisions and revisions to protocols to implement interregional planning provisions. FERC acted on these compliance filings in 2015 and the rules governing interregional projects have been in place since that time, largely unchanged.⁵

To date, joint efforts among the ISO/RTOs in the Northeast have largely centered around providing each other with updated system models to ensure consistency in the planning studies conducted in each area and advising a neighboring ISO/RTO when a project internal to one ISO/RTO was anticipated to affect another ISO/RTO’s system. Generally speaking, these efforts have effectively permitted each ISO/RTO to proceed with the development of its respective systems. In the final presentation for the June 4 IPSAC Meeting, the JIPC confirmed it would continue these efforts.⁶ Shell Energy appreciates this work and encourages the JIPC to continue these efforts given the important information it has provided to developers and market participants.

Notably, to date, interregional project development has been limited to a small number of projects, primarily in the form of HVDC lines with associated capacity rights and projects sited in one region but electrically connected in another region. Otherwise, projects have generally been proposed and developed to address the internal needs of a particular region. This region-specific project development has contributed to the limited nature of JIPC’s interregional assessments to date.

² For purposes of providing this input, the Shell entities referenced herein are collectively referred to as “Shell Energy.” Certain specific actions taken by a Shell entity are designated by reference to that individual entity.

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011) at PP 369-70, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff’d sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014); *see also* Order No. 1000 at P 436 (specifying developers are to first propose projects in the respective affected regions).

⁴ *See* Order No. 1000 at P 370.

⁵ *See ISO New England, Inc., et al.*, 151 FERC ¶ 61,133 (2015). Pursuant to this order, the ISOs/RTOs implemented the Amended and Restated Northeastern ISO/RTO Planning Coordination Protocol (“Northeast Protocol”) to guide their interregional planning efforts.

⁶ *See* Joint ISO/RTO Planning Committee presentation, “Achievements and Next Steps” (dated June 4, 2021) (hereinafter, “Next Steps Presentation”) at 3.

However, widespread State efforts to combat climate change are leading to the substantial reformation of electric systems throughout the Northeast to accommodate the requisite renewable energy development. As FERC and the States have recognized, these initiatives, present a new opportunity for interregional development. Most notable among them is the development of OSW generation projects given their scope and nature.

As reflected by BOEM, substantial OSW development off the coast of New York, Massachusetts and New Jersey is already underway, some leasehold space remains available and additional BOEM lease areas are expected to be finalized in the near future in the Northeast segment of the Atlantic Ocean.⁷ As BOEM's Director has established, "The full environmental and economic benefits of offshore wind can only be realized if we, as a nation, come together to ensure all potential development is considered and advanced responsibly, with transparency, robust stakeholder and tribal engagement and scientific integrity guiding our every move forward."⁸ Pointing to the fact "the efficient development of new transmission infrastructure is essential as the nation continues to transition to clean energy resources," FERC and the National Association of Regulatory Utility Commissioners ("NARUC") announced last month that a joint federal-State task force on electric transmission would be formed to more effectively address these developments.⁹ Indisputably, a new day is dawning.

Shell Energy urges the JIPC to embrace this opportunity and, equally important, to recognize that time is of the essence. A number of projects have already been awarded contracts and more solicitations issued by States in the Northeast will follow to award further projects. As reflected by the largest-ever project award to our joint venture with EDF announced by New Jersey earlier this week, State commitment to OSW generation development is significant and growing. BOEM has also indicated its plans to begin the environmental review process for the 2,000 MW, two-part, Empire Wind project in New York.¹⁰ In the Next Steps Presentation, the JIPC established its 2021 work plan and its plans for its 2021-2022 interregional planning activities include seeking opportunities for interregional transmission and issuing the next Northeast Coordinated System Plan by Q2 2022.¹¹ Shell Energy hereby identifies the joint development of transmission infrastructure to more efficiently accommodate OSW generation

⁷ See Bureau of Ocean Energy Management, Renewable Energy, "State Activities," available at <https://www.boem.gov/renewable-energy/state-activities>; see also Bureau of Ocean Energy Management, "BOEM Advances Offshore Wind in Major U.S. East Coast Energy Market" (issued March 29, 2021) (identifying nearly 800,000 acres of new wind areas in the New York Bight and initiating environmental review for potential OSW leasing), available at <https://www.boem.gov/boem-advances-offshore-wind-major-us-east-coast-energy-market>,

⁸ *Id.* (further stating, "A central component to our success will be creating greater certainty for industry, state and local governments, tribal nations and stakeholders.").

⁹ See Federal Energy Regulatory Commission, News Release, "FERC, NARUC to Establish Joint Federal-State Task Force on Electric Transmission" (issued June 17, 2021) (hereinafter, "Joint Task Force Announcement"), available at <https://ferc.gov/news-events/news/ferc-naruc-establish-joint-federal-state-task-force-electric-transmission>.

¹⁰ Politico, "BOEM initiates permitting for offshore wind project to serve New York" (published June 17, 2021), available at <https://subscriber.politicopro.com/states/new-york/albany/story/2021/06/17/boem-initiates-permitting-for-offshore-wind-project-to-serve-new-york-9426678?source=email>.

¹¹ See Next Steps Presentation at 2.

projects in the Northeast as a potential interregional project that requires interregional coordination and urges the JIPC to act expeditiously to review this opportunity. To be most effective, the JIPC should begin its work on this front immediately, review all relevant information (*e.g.*, the project awards made to date, the awarded leasehold interests that remain available and potential new leases that BOEM has identified) and provide a preliminary report on its findings for review and feedback in advance of the next IPSAC meeting scheduled for Q4 2021.

Moreover, while the development of OSW generation projects certainly provides a significant opportunity to correspondingly develop interregional transmission more effectively, it is unclear whether the structure put in place in each ISO/RTO more than five years ago can and will work as intended to support this development in practice. For example, as discussed during the June 4 IPSAC Meeting, the Northeast Protocol states that the JIPC will “proactively review regional needs and solutions identified in regional planning processes” to identify whether there is the potential “in the reasonable engineering judgment of the JIPC” for a more efficient or cost effective interregional transmission project.¹² As further reflected in the Northeast Protocol, the interregional project then “may be proposed in the planning processes of more than one region” either in response to this JIPC review or in response to needs identified in more than one region.¹³ However, it appears that the developer must propose these projects in multiple regions. Depending on the terms of State OSW solicitations, doing so may disqualify the developer’s bid.¹⁴ And, even if State solicitations were to permit these steps, it is unclear whether the developer’s proposal must be endorsed in all individual regions before it can be considered in the JIPC process, whether logistically it is reasonable to assume the timing of solicitations in multiple States will consistently align well enough or whether it is reasonable to presume developers can effectively navigate this multi-front exercise from a resource standpoint.

In its Joint Task Force Announcement, FERC and NARUC specified that the task force will, *inter alia*, “identify barriers that inhibit planning and development of optimal transmission necessary to achieve federal and state policy goals, as well as potential solutions to those barriers.”¹⁵ FERC and the States have joined together and expressed a clear commitment to support interregional transmission development efforts. Now that a viable interregional transmission opportunity has presented itself, Shell Energy urges the ISOs/RTOs to review their respective tariff provisions with market participants to determine whether these provisions can be implemented and to file any changes that are warranted expeditiously. These changes should require the ISO/RTOs to consider how system limitations, such as access to rights of way and landing points, can constrain long-term access to the bulk power system for future projects to provide service at just and reasonable rates. Likewise, Shell Energy urges the JIPC to review the effective tariff provisions in each region as well as the Northeast Protocol to determine whether, taken together, they will support interregional transmission development.

¹² See Northeast Protocol at 10.

¹³ *Id.*

¹⁴ For example, the terms of solicitations can expressly prohibit developers from contemporaneously participating in solicitations issued by other States.

¹⁵ See Joint Task Force Announcement at 2

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Shell Renewables and Energy Solutions has made, and is continuing to pursue, a significant commitment to develop OSW generation in the Northeast. Shell Energy will continue to actively participate in the various ISO/RTO and individual State efforts to support interregional transmission development for OSW generation projects and appreciates the opportunity to submit input on how best to proceed with interregional efforts to develop the necessary transmission infrastructure to support OSW generation projects. Shell Energy stands ready to assist the individual ISOs/RTOs, JIPC, FERC and NARUC in their collective review and implementation of interregional transmission projects.

Sincerely,

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