STATE OF NEW YORK

PUBLIC SERVICE COMMISSION

In the Matter of Proactive Planning for Upgraded Electric Grid Infrastructure	)))	Case 24-E-0364

COMMENTS OF THE ALLIANCE FOR TRANSPORTATION ELECTRIFICATION ON THE JOINT UTILITIES' LONG-TERM PROACTIVE PLANNING FRAMEWORK

Introduction

The Alliance for Transportation Electrification (ATE) is pleased to provide these comments in regard to the December 13, 2024 filing by the New York Joint Utilities (JU)(Central Hudson Gas & Electric Corp. (Central Hudson); Consolidated Edison Company of New York, Inc. (Con Edison); Niagara Mohawk Power Corporation d/b/a National Grid (National Grid); New York State Electric & Gas Corporation (NYSEG); Orange & Rockland Utilities, Inc. (O&R); and Rochester Gas and Electric Corporation (RG&E)) on a proposed long-term proactive planning framework. The New York Public Service Commission (Commission) established this Case, 24-E-0364, on August 15, 2024 in its Order Establishing Proactive Planning Proceeding. This Order expanded work addressing barriers to Medium and Heavy- Duty (MHD) Electric Vehicle (EV) charging infrastructure (the MHD Proceeding) that the Commission initiated in April 2023. The Commission found in its August 2024 Order that the planning needs of the State's electrical grid exceed the scope of the MHD Proceeding and thus initiated the new Proactive Planning Proceeding.

The Commission asked for two separate types of filings to be made by the State's electric utilities. First, the Commission requested a Joint generic filing that would propose long-term procedures for identifying and proposing projects needed to ensure that the electrical grid would be able to reliably handle future growth from electric transportation and building electrification, define methods for evaluation and cost allocation of infrastructure projects, and describe the process by which this new planning framework may be integrated within other planning processes. Second, the Commission requested utilities to propose urgent projects that may require deployment before the completion of the overall planning process proposed in the first filing. These filings would be subject to notice and comment and further Commission review and consideration. ATE has already provided comments on filings by Con Edison and Niagara Mohawk that addressed the urgent projects needing deployment before the completion of the overall planning process. In this filing, we provide comments on the Joint generic filing made by the Joint Utilities (JU) in December.

In general, we find that the proactive planning framework proposed by the JU lays out a thoughtful, transparent, and comprehensive process to evaluate potential proactive investments in the distribution grid with sufficient guardrails to minimize the risk of unnecessary cost impacts to customers.

About ATE

ATE is a 501(c)(6) non-profit corporation established in early 2018 with the goal of promoting policies and regulatory measures to accelerate the pace of EV adoption and infrastructure. We primarily engage with policymakers at the State and local government level to remove barriers to EV adoption and to encourage the acceleration of EV infrastructure deployment with a particular emphasis on open standards and interoperability. We currently have over 60 members that include many electric utilities, auto and bus manufacturers, EV charging and service providers (EVSPs), and related trade associations and non-profit organizations. We take a "big tent" approach to advance the industry and focus not just on accelerating EV charging deployments—which necessarily requires a strong utility role—but also promoting public accessibility and open standards. We are presently involved in about 30 proceedings in the States before the PSCs, state energy offices, Legislatures, Governors, state DOTs and DEPs, and other agencies.

ATE Comments

As a preliminary matter, ATE commends the Commission for opening this docket which represents a best practice across the country. The planning, siting, approvals and construction of grid infrastructure needed for electrification can be a long process and waiting until the need is exigent will lead to lengthy delays in meeting the needs of the State's electric grids and in meeting the State's public policy goals for cleaner energy sources. By allowing utilities to plan projects in advance of their exigent need and propose those projects to the Commission outside the Rate Case cycle (typically 3 years), the Commission can mitigate those potential delays and greatly expedite the energization process for electrification projects. Transportation electrification (TE) infrastructure is of a different nature than typical load growth investments considered in general rate cases. The investments are specific to a particular location and must be made in time for load to be energized if New York's electric transportation goals are to be realized. Thus, it is important that these investments are not put off until whenever the next rate case gets decided, which can be even longer than the three-year cycle between rate cases. If TE developers and host sites are forced to wait that long until construction can even begin on their needed infrastructure, they are unlikely to proceed.

New York is one of the few states that have initiated proactive planning proceedings (California, Colorado, and Minnesota are other states with similar proceedings), and ATE expects more state commissions to engage soon. New York is clearly a national leader in developing procedures that will allow utilities to propose projects that will be needed to meet Statewide electrification targets in support of the clean energy in advance of those needs, thus reducing the potential delays in making such needed improvements to the grid. Recent research by the Environmental Defense

Fund (drawing on detailed data both from CenterPoint Energy and Con Edison) has also shown that such proactive planning and needed project approvals can lead to significant consumer savings.[1]

The JU filing of December 13, 2024 was made in response to the Commission's Order Establishing Proactive Planning Proceeding of August 15, 2024 which established the Case to which these comments are directed. The Joint Filing begins with five important Guiding Principles for Proactive Planning on which their proposal is based:

1. Support customer needs in a timely manner without adverse impacts
2. Support achievement of objectives in policies, laws, and regulations
3. Cost efficiency
4. Flexible planning and authorization, and
5. Complement other regulatory processes.

We believe all these Guiding Principles are important and when adhered to in the planning process will ensure that identified projects that are proposed to be built in advance of need will have beneficial results. We think the focus on supporting customer needs is vital to ensure that electrification – whether for transportation or buildings – can proceed according to customers' expectations and allow the utilities to meet their second Guiding Principle – achievement of policy, legal and regulatory objectives. As the filing notes, customer electrification loads seek to be added to the grid in just months, while build-out of the grid to support these loads can take up to ten years. Without building projects that anticipate such needs, customers may very likely have to cancel otherwise beneficial projects. Cost efficiency will ensure that proposed projects are selected based on least-cost alternatives meeting the planned need and will help ensure that existing customers are protected. Focusing on cost efficiency also will help preclude over-building or building unnecessary projects. Flexible planning is vital in that as good a job as the utilities can do in using granular load forecasting techniques to anticipate these needs; utilities also need to be flexible to meet changes in customer needs and the evolving market. And finally, it is critical that the proactive planning process for TE complements other regulatory processes to eliminate duplication of efforts and ensure coordinated planning for other utility assets such as transmission and distributed energy resources, or DERs.

The proposed framework is also comprehensive in its scope, covering all forms of electrification (transportation, building and other), a wide policy scope identifying grid infrastructure investments necessary to achieve relevant State policy related to customer electrification, such as infrastructure upgrades required to facilitate the achievement of the Advanced Clean Cars (ACC-II) and the Advanced Clean Trucks (ACT) rules, and advancement of planning methods identifying needs with greater granularity than processes in other proceedings – representing what we believe are state-of-the-art methods of utility distribution planning.

The proactive planning process proposed by the JU includes four stages: (1) load assessment; (2) planning and solution design; (3) project eligibility and prioritization criteria; and (4) proposal and

[1] Black & Veach for Environmental Defense Fund, Pro-Active Grid Investment Assessment: Medium- and Heavy-Duty Vehicle Transportation Electrification. November 6, 2024. https://library.edf.org/AssetLink/atal4338qv8ucl8226qok35dmm170r4e.pdf

authorization of eligible projects. Together, the four stages comprise the Proactive Planning process "Cycle." ATE believes that these four steps are set forth clearly and are well considered.

The first Cycle (Cycle 1) is estimated by the JU to result in proposals in Q4 2025, assuming prompt approval of the proposed process by the Commission. ATE believes that these are the appropriate steps for a utility planning process that is designed to identify needed projects that are outside of the normal types of projects considered and identified in normal utility distribution planning processes. The load assessment proposed properly uses both traditional methods of load forecasting and granular or bottoms-up methods that rely on knowledge of customer needs at locations on specific feeders below the substations. Once loads are identified, the JU proposal would look at alternative means of meeting the projected loads such as non-wires alternatives, bridge to wires and others, focusing once again on cost effectiveness. The process then reviews project eligibility (based on proposed criteria) and attempts to prioritize projects primarily based on project benefits but also considering other criteria. And finally, the process includes proposing selected projects to the Commission for review and approval.

The JU also commit to conduct an "initial activity" in the first quarter of 2025, prior to Cycle 1, to establish: (1) a coordinated set of assumptions for Proactive Planning projects; and (2) analytical methodologies and data sets utilities expect to employ to study granular load growth from electrification, including sharing best practices, and coordination of load assessment outputs across service areas. Such activity will be beneficial, both to ensure that the utilities are relying on best granular planning practices and that there is some consistency in analytical methods. Several other states have been addressing similar issues in proactive planning proceedings. ATE believes it would be useful to share best practices from utilities and Commissions in these jurisdictions.

Moreover, as the JU points out for investments made just within the borders of New York, it will be important to avoid duplication of efforts and investments for proactive projects located near a utility service boundary. Again, ATE supports the JU proposal to conduct this joint activity as it is consistent with the Guiding Principles discussed earlier. We might add that such coordination should probably also occur with utilities not subject to the Commission's jurisdiction in order to provide a holistic, state-wide view of widespread transportation electrification that includes certain state, municipal utilities, or cooperatives in more rural areas. The visual schematic, Figure 1 on page 7 of the JU proposal, is a useful document for easy reference of the process, and we urge that this be updated during any utility modifications or stakeholder comments during this four-year process. This graphic representation includes load assessment, planning and solution design, project eligibility and prioritization criteria, project proposal, and authorization decisions for Proactive Planning projects. This summary of the cycles in the process should be helpful to the Commission and stakeholders in their review of comments.

To identify proactive planning infrastructure investments necessary to enable the State to achieve its electrification policies, the Joint Utilities propose using three primary sources: (1) load forecasts developed in other regulatory contexts – such as utility electric peak demand forecasts used in electric base rate cases, New York Independent System Operator ("NYISO") studies (e.g., annual load and capacity data), or forecasts developed for the CGPP depending on their applicability to the loads in scope for this proceeding; (2) granular utility load studies to assess local conditions and identify hotspots or clusters of load growth consistent with policies, laws, and regulations; and (3)

customer information and other sources (e.g., studies performed by State agencies). The sources for granular load studies and the related development of customer information will be particularly important to identify locations where grid upgrades are going to be required – but unfortunately is also sometimes difficult information to obtain from organizations not subject to regulation by the Commission (such as automotive and trucking OEMs, fleet operators, EV service providers, and such).

Nonetheless, there are available sources of such information that have already been developed by the EVs2Scale initiative of EPRI, in its eRoadmap tool as well as the recently developed Grid Fast tool that enables fleets to share their information more efficiently with multiple utilities. Geotab is another data source for fleet tracking that is extremely granular and can analyze actual trip data. Similarly, RMI offers a GridUp tool which allows users to identify areas for proactive investments in the grid where the future growth of EV charging demand is clearly established. Other data sources may be made available to the Commission on a confidential basis and aggregated at a certain level in order to protect data privacy. We believe the Commission should urge the utilities in the JU to use their best efforts to gather multiple sources of data and information from the usual utility sources as well as non-traditional sources. Load forecasting of course is not a precise science with perfect accuracy, but the use of good analytical models should significantly lessen the margins of uncertainty. In addition, as noted earlier, the JU have included numerous guardrails to minimize effects of uncertain load forecasting which will be essential elements of the overall planning process.

The JU also propose project eligibility and prioritization criteria for projects that will result from the planning process. These, taken together, are one of the guardrails that will help ensure that needed projects are proposed to the Commission. The eligibility criteria are that the project is needed for electrification and there is an urgent need to begin construction-related activities. The prioritization criteria specifically address, among other matters, the potential risk of moving forward with the project. Thus, projects with high priority will have a significant degree of certainty and lower risks related to forecast timing, location, and magnitude and plans for mitigation, including phasing and expandability potential. Project benefits, technology alternatives, location and site types, and project timelines and financials are all also considered in the prioritization criteria. These are all appropriate criteria that will help ensure that the best, most urgent projects in terms of cost effectiveness, risk, and other factors are considered and proposed to the Commission.

The proposed planning process also provides a detailed discussion of how coordination with other proceedings can best be handled. As ATE is not involved in the wide range of proceedings for which coordination will be necessary, we will not comment on how these processes will work. Yet we are aware at a more general level of the process used both in the CGPP, coordinated grid planning, as well as the analysis of NYISO for electric peak demand forecasts. ATE is also following similar forecasting done by other RTO/ISOs in other regions of the country, but our primary focus remains on enhancing the distribution grid assets for the coming TE loads. We commend the JU for paying substantial attention to these issues which will be important as the utilities and Commission will have to ensure consistency across proceedings.

In its discussion of the Proactive Planning Process the JU presents each of the four steps of the proposed process addresses each element required to be discussed by the Commission's August

2024 Order establishing this Case. The JU first address options for load assessment (at p. 13) and specifically address (1) the option of relying on load forecasts developed in other proceedings; (2) the option of developing their own bottom-up forecast of granular electric demands, and (3) customer information and other sources. The JU conclude that there is no “one-size-fits-all" solution to identifying Proactive Planning needs, and utilities should leverage multiple forecast sources to best identify capacity constraints and future infrastructure needs. The JU suggests relying on all these sources to different degrees. We agree that there is no single source of the data needed to develop load assessments for electrification needs, and the only logical approach is to integrate all the sources. The JU filing properly discusses how each of these sources might be used and discusses how these sources were used in the individual utility initial urgent project filings that have been submitted to the Commission.

The Joint Utilities also propose a process for coordinating load assessments for Proactive Planning projects. The JU suggests that Iteration is key to allowing analytical methodologies and data sources to evolve (e.g., to improve identification of granular load growth resulting from State policy and customer adoption), and to be tailored to specific characteristics of each service area. As the graphic (Figure 1) illustrates, the utilities will conduct a three-step process: (1) individual utility load assessment review, (2) coordinated review, culminating in an Annual Stakeholder Technical Conference, and (3) finalized utility load assessments. Each of these steps is discussed in detail in the filing and will ensure that there is substantial coordination between utilities and stakeholders in the load assessment review – all representing what we consider to be best practices.

For Stage 2, the Planning and Solution Design, the JU assert that they will evaluate potential impacts from the load assessments and initiate planning activities to adjust existing plans or design solutions to address grid infrastructure needs accordingly. It is proposed that each utility will evaluate the impacts of the forecasted load using its existing planning procedures and tools to identify constraints on its respective electric system including, but not limited to, transmission load areas and substations, distribution substations, distribution networks, and radial areas, and more concentrated localized load pockets such as at the individual customer level. The utilities will coordinate across boundaries, consider the value of expandability, alternate technologies, phasing approaches, and optionality in proposed projects (as required by the Commission Order), consider alternatives in the solutions development process, and provide input on the magnitude of the risk of potentially stranded or underutilized assets, as well as approaches to manage this risk (also specified by the Commission Order). All of these steps are intended to ensure that the best projects are developed for consideration in Stage 3.

In Stage 3, the utilities will determine eligibility and prioritize projects. These criteria, touched on earlier in these comments, are described in more detail in the JU filing. Specifically, the JU appropriately responds to the Commission’s specification that the JU “propose criteria by which projects shall be evaluated,” and “include details such as the cost, urgency, certainty, location, site type, alignment with CLCPA objectives, primary driver of upgrade, and expandability potential.” The JU filing addresses each of these issues in compliance with the Commission directive. We especially wish to point out the importance of the “expandability and phasing” criterion here in this coming era of rapid electric load growth, along with the concept of “right-sizing” distribution assets. Some analysts use the analogy of “only breaking concrete and digging once” in order to provide

least-cost solutions over time. Again, the EDF study cited earlier has demonstrated the value of this approach as we approach greater scale and focus on cost efficiencies as well.

Finally, in a more detailed discussion of Stage 4, the JU proposes a procedural approach for the Commission's consideration of transmission and distribution upgrade investments, which shall evaluate options for requesting approval outside of rate case proceedings as specified in the Commission Order. As noted earlier, we believe it is critical that utilities be able to meet infrastructure needs that may arise between the three-year cycle of rate cases (plus the additional time for review and final Orders from the Commission). Other states such as California, Minnesota, and Colorado are also recognizing the importance of proactive planning and investment in current proceedings to ensure that infrastructure can be built on a timely basis and State TE goals can be met. The JU propose a flexible approach to project review and approval using two categories – Small and Large Projects. Small Projects would allow utilities to propose a two-year budget for Commission authorization. Project execution would occur as eligible Small Projects arise. Utilities would file Large Project proposals on an annual basis (when needs arise), with Commission review and decision on those filings. ATE believes this is a sensible proposal to allow eligible smaller projects to move forward without the need for a major Commission review while still preserving such review for Large Projects.

With respect to cost allocation, the JU propose that specific cost allocation details or updates to individual utility cost allocation proposals or principles would be made as needed in company-specific projects filing. With respect to cost recovery, the JU request that, no later than 120 days after a utility submits a project proposal through the Large Project Category, the Commission authorize cost recovery for the development and construction of the proposed project(s). ATE urges the Commission to address cost recovery issues in conjunction with the overall planning framework and provide for timely cost recovery mechanisms appropriate for each utility. A common practice for cost recovery for utilities in other jurisdictions is to establish a regulatory asset, or surcharge mechanism (consistent with standard utility accounting practices in the FASB guidelines as stated in the proposal), which can be amortized over a period of years. Such regulatory assets can be addressed for consistency with other regulatory principles, such as prudency in the review of Large Projects. But allowing a timely recovery mechanism with a return based on both equity and debt is essential for the utilities to proceed with such proactive investments.

While we recognize this is not common today for TE investments in other jurisdictions, we support the option of the utility using either CWIP or AFUDC for cost recovery and inclusions in rate base, as long as sufficient documentation is provided for review by the Commission. Finally, ATE believes that as electrification of transportation proceeds more rapidly, it will necessarily result in more delivery revenues for the utilities, which should either put downward pressure on certain rates or at least mitigate the upward pressure on electric rates caused by increased capital investments (for clean generation, transmission, grid security and reliability, etc.) that are required to be made. But we also recognize that existing rate structures are complex with many components, and it is difficult analytically to isolate such incremental revenue streams.

The Joint Utilities also propose a stakeholder engagement process that incorporates lessons learned and best practices from past experiences and applies them to the needs of the Proactive

Planning Proceeding. We support the incorporation of stakeholder engagement in the proactive planning process and believe it should make the important task of reviewing and approving proposed projects less contentious.

Conclusion

The Joint Utilities have proposed a comprehensive and flexible approach to proactive planning that will help the grid adapt to meet the evolving energy needs of the State. ATE believes the Commission should adopt this proposed planning framework in a timely way. It is essential that the utilities be allowed to build clearly needed electric infrastructure in advance of need. This proposed long-term framework is a key step for enabling the utilities to help New York meet its clean energy goals. We believe that significant guiderails have been built into the proposed framework that will help ensure that only thoroughly vetted projects with high priorities get built, and in the most cost-effective manner possible. This will ensure that all customers ultimately benefit from the added infrastructure and that society will benefit from increased electrification and the accompanying cleaner air and other societal benefits. Accordingly, ATE urges the Commission to start the "initial activities" on assumptions and methods quickly and adopt the overall framework proposed by the Joint Utilities.

Submitted this 17th day of March, 2025

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