

May 15, 2009

Mr. Paul A. DeCotis  
Deputy Secretary for Energy  
Chairman, Energy Planning Board  
Executive Chamber  
State Capitol, Room 245  
Albany, NY 12224

Dear Paul,

National Grid appreciates this opportunity to comment on the 2009 New York State Energy Plan (SEP) Interim Report. We wholeheartedly support the State's emerging Clean Energy Agenda and were very pleased to find that the general direction conveyed aligns with our March 10 comments. In addition to offering our March 10 comments for the consideration of the Energy Coordinating Working Group, we offer the following additional comments specific to the transmission planning process.

As noted in the Interim Report's Preliminary Finding #5, the modernization and expansion of the bulk electricity transmission grid within and beyond the State's borders, with emphasis on Smart Grid technologies, will be an important means to fully optimize cleaner generation resources and provide the ability to manage energy systems with greater efficiency. Our comments address two important points:

- **Enhancements in transmission planning will be required to meet the State's long term objectives.**

The State Energy Plan should encourage the PSC to provide guidance and inputs to the NYISO to perform planning that will achieve New York's long term policy objectives, including in the following areas:

- The NYISO's planning currently focuses on a subset of the transmission system (bulk power system). Increasing the scope of NYISO's planning to include the 115 kV system will result in reduction of 115 kV bottlenecks which would otherwise constrain the development and utilization of renewable resources. For instance, although there are currently no instances of wind being curtailed regularly, most wind is interconnecting to the 115 kV system and there are over 8,000 MW of wind resources in the NYISO interconnection queue.
- The NYISO's reliability planning process requires action to build new infrastructure only when resource adequacy criteria are not met, leaving transmission adequacy and reliability as a local need to be addressed by each transmission owning utility. The process must take a more efficient, coordinated approach to addressing the adequacy and reliability of the transmission system for the benefit of NY consumers. Expanded planning criteria will be required that identify renewable energy sources, and the transmission capacity needed to both interconnect and deliver renewable energy to load centers if the State is to achieve its public policy goals. Additionally, the transmission planning process must address transmission needed to capture the economic and greater reliability benefits of additional cost-effective new infrastructure.

- The PSC should urge NYISO to take an active role in coordinating the various planning studies that are now being performed (e.g., STARS, NYC Economic Development Study, Off-shore and Wind Energy Deliverability Study) to ensure consistent assumptions and inputs.
- **Reliance on production-cost analysis to measure the benefits of transmission will not identify the transmission infrastructure that can provide benefits to New York consumers. Alternative determinations of the benefits beyond costs are appropriate.**

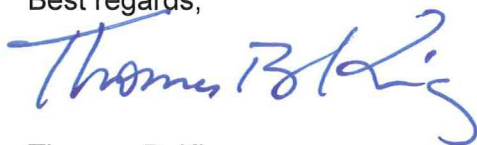
The NYISO's current approach to economic planning (Congestion Assessment and Resource Integration Study or "CARIS") will not serve the purpose of building transmission to reduce costs to customers as it relies on production costs as the primary benefit metric. An analysis of production costs only does not fully reflect the customer savings that result from increased transmission capacity through reduced energy and capacity costs paid by customers.

Achieving the State's long term policy objectives will require a broader determination of the benefits of transmission infrastructure. Increased reliability, operational flexibility, reduction of constraints that limit competitive energy pricing, and renewable energy resource development are the other benefits of transmission capacity not captured in the NYISO's CARIS planning criteria.

Through the establishment of clear policy objectives and targets, the planning process in New York can be appropriately designed to identify the required infrastructure to deliver on those targets. We believe that the PSC can be instrumental in providing such guidance, and leveraging NYISO's planning capabilities.

National Grid appreciates the opportunity to comment and looks forward to working with New York's policymakers and regulators to implement changes needed to the transmission planning process to ensure a sustainable energy future for New York.

Best regards,



Thomas B. King  
President

cc. Thomas Congdon, Executive Director, Energy Coordinating Working Group  
Garry Brown, Chairman, New York Public Service Commission