

September 14, 2023

To: ISO New England Planning Advisory Committee

From: New England Consumer Advocates

CC: New England Transmission Owners; New England States Committee on Electricity

The Massachusetts Attorney General’s Office, the Connecticut Office of Consumer Counsel, the Maine Office of the Public Advocate, the New Hampshire Office of the Consumer Advocate, and the Rhode Island Division of Public Utilities and Carriers (collectively “New England Consumer Advocates”) are writing to express our concern about the projected dramatic increase in expenditures by New England Transmission Owners (“NETOs”) dedicated toward upgrading the New England transmission system. Specifically, we understand that there are approximately \$5 billion in “asset condition” projects currently proposed, planned, or under construction—an amount that increased by 50% within the last 6 months.

These impending rate increases pose significant, incremental cost burdens on New England ratepayers, who are already struggling to pay very high electricity prices – some of the highest in the nation. These proposed increases also follow a doubling of transmission rates over the last 10 years, as well as recent significant increases in prices for electric supply and various other reliability services managed by ISO New England (“ISO-NE”).

The New England Consumer Advocates strongly urge the Planning Advisory Committee (“PAC”) to proactively review and scrutinize the NETOs’ proposed spending through a uniform, comprehensive, and transparent planning process. We appreciate the leadership that the New England States Committee on Electricity (“NESCOE”) has provided in bringing this issue forward to the NETOs and ISO-NE, and we strongly support the proposed Asset Condition Project process reforms outlined in NESCOE’s July 14, 2023, letter. As NESCOE points out, a uniform, holistic, and transparent transmission planning process is essential to providing sufficient visibility into the scope, scale, and pace of Asset Condition Projects. The reforms NESCOE calls for include the creation of an Asset Condition database and an Asset Condition Needs and Solutions Guidance Document. The New England Consumer Advocates agree that, if implemented properly and consistently across the NETOs, these reforms would provide a more transparent, predictable, and uniform planning process for Asset Condition Projects. Moreover, such changes, in conjunction with a robust stakeholder process, would provide stakeholders with sufficient opportunity to review and provide feedback on the need for and scope of Asset Condition Projects before they start. Lastly, the New England Consumer Advocates agree that substantial discussions on rightsizing should not occur until the region makes adequate and meaningful progress on reforms to the current Asset Condition Project process to increase transparency and predictability.

The New England Consumer Advocates recognize that aging transmission facilities may require replacement. However, as with reliability projects, which undergo a holistic assessment, it is critical that asset condition projects also be subject to consistent and transparent planning standards to ensure that ratepayers are not paying for unneeded facilities. For instance, reasonable project deferrals or more targeted replacement of facilities have the potential to substantially reduce the cost to ratepayers. Accordingly, the adoption of uniform transmission planning standards is necessary to ensure the prudence of any decision to proceed with a particular asset condition project. Such standards are not intended to supplant NETOs' professional judgment. Rather, they would enable a criteria-based analysis of needs, solutions, and priorities that is both more disciplined and more transparent.

Moreover, under current practices, we are concerned that the level of spending may not receive the degree of scrutiny it deserves from the sponsoring NETOs because: (1) the primary focus of each TO will be on the portion of spending within their respective service area; and (2) a significant portion of each TO's spending will be paid for by out-of-state ratepayers. Indeed, all ratepayers will be adversely impacted if each TO takes the approach that its individual share of this spending will not only substantially benefit that utility's shareholders, but also have only a modest impact on its ratepayers. For these and other reasons, all stakeholders, including the New England Consumer Advocates, need the opportunity to assess the reasonableness of each TO's planned spending in terms of the timing and scope of each project to ensure they comply with objective standards and criteria.

We appreciate the NETOs' August 8, 2023, response to NESCOE's July 14 letter and their preparation of Proposed Guidelines for Asset Condition Project Presentations in response to the concerns expressed by NESCOE. We intend to participate actively in the stakeholder process by reviewing and providing feedback on the NETOs' August 8 letter, the Proposed Guidelines, and future Asset Condition Process reform topics. However, we believe more can and should be done. The New England Consumer Advocates request that all non-emergency and/or elective Asset Condition Projects that have yet to start construction (i.e., concept/proposed/planned projects) are postponed until the Asset Condition Project reform process at the PAC is completed and replaces the current process.¹ Temporarily pausing non-emergency Asset Condition Projects until the aforementioned process reforms are in place will help to ensure that the billions in ratepayer dollars that the NETOs propose to spend are carefully and appropriately evaluated through a uniform, robust, and transparent transmission planning framework.

¹ According to the most recent Asset Condition Project List, this request would apply to \$2,585,181,798 of Pool Transmission Facility spend across approximately 65 proposed and planned projects. This request would also apply to 8 concept-level projects that do not include estimated PTF costs on the Asset Condition Project List. *See* ISO-NE Asset Condition List (June 2023). This request would also apply to any non-emergent Asset Condition Projects that have been presented to the PAC and have yet to be incorporated to the Asset Condition Project List.

Consumer Advocates throughout New England will be closely following the NETOs actions over the coming months to see if these massive capital expenditures receive the level of oversight they truly deserve. Ultimately, the NETOs must be held accountable for the prudence of this spending.

We look forward to working with all members of the PAC to address this issue of critical importance to New England ratepayers in a timely manner.



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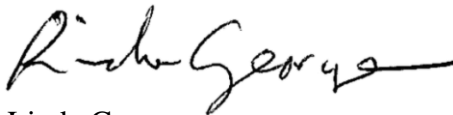
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