



Asset Condition Presentation Thresholds

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Purpose

- Discuss Planning Advisory Committee (PAC) presentation thresholds to be used for asset condition needs
- Propose improved guidance as to when asset condition needs are to be discussed with the PAC



Background

- Guidance as to when asset condition needs should be discussed with the PAC is currently located on the Asset Condition List (at the bottom of the list). The guidance is as follows:
 1. “If the asset condition issue is on PTF and the PTF cost is greater than \$5M, a presentation will be made to the PAC and the project will be added to the Asset Condition list.
 2. If the asset condition issue is on the PTF and non-PTF, a presentation will be made to the TOPAC and if the cost of the PTF portion is greater than \$5M, a presentation will be made to the PAC and the project will be added to the Asset Condition list.
 3. If the asset condition issue is only on the non-PTF, but the corrective action results in changes to the PTF, a presentation will be made to the TOPAC and the project will be added to the Asset Condition list. There is no requirement to discuss the project with the PAC.”

Background, cont.

- Known inadequacies:
 - The guidance does not specify how to handle common issues across multiple facilities.
 - Example: An asset owner has several transmission lines where the poles have degraded over time and need to be replaced
- In the past some asset owners have viewed the \$5M threshold to be on a single facility, while others have added the cost of addressing the asset condition needs of several circuits to see if that total is greater than \$5M, leading to ambiguity in the threshold requiring a PAC presentation of these asset condition needs



Recent experience – lessons learned

- In the 2015 summer RC/TC rates presentation, VT Transco included a line item for structure replacements
- The ISO requested VELCO provide information on its structure replacement project to the PAC
- VELCO provided a [presentation in March, 2016](#) to the PAC
- ISO New England's observations on the process:
 - While the March 2016 presentation to the PAC explained the asset condition project, it did not specify which facilities were being upgraded.
 - The Transmission Cost Allocation (TCA) submittal contained a similar level of detail
 - The cost of the project had already been provided in the 2015 summer RC/TC rates presentation
 - The Asset Condition List does not provide guidance with regard to the timeframe specified with the \$5M threshold when considering asset condition related projects
 - Is the \$5M spending per year?
 - Is the \$5M spending over the life of the project? If so, how do you deal with something like pole replacements that may occur every year going forward?

ISO Guidance

- Based on these observations, the ISO is providing additional guidance to the asset owners as to when asset condition needs are to be discussed with the PAC.
 - This guidance is based on where the asset condition need is located
- Guidance Summarization
 - Needs that are only on PTF facilities
 - If the asset owner expects the total cost of the PTF modifications to be greater than or equal to \$5M on a single circuit or at a single station/substation over a period of 5 years or less, then the asset owner shall make a presentation to the PAC and the project will be added to the Asset Condition List
 - For all other asset condition related PTF modifications, the asset owner has the option of providing a presentation to the PAC
 - Needs that are on both PTF and Non-PTF facilities
 - For the PTF modifications, the process is the same as described above for PTF-only needs
 - For the Non-PTF modifications, the asset owner discusses the need with the TOPAC and places the Non-PTF project on the PTO's Local System Plan (LSP)
 - The Non-PTF presentation thresholds are determined by each PTO
 - Needs that are only on Non-PTF facilities
 - The asset owner discusses the need with the TOPAC and places the Non-PTF project on the PTO's LSP
 - The Non-PTF presentation thresholds are determined by each PTO

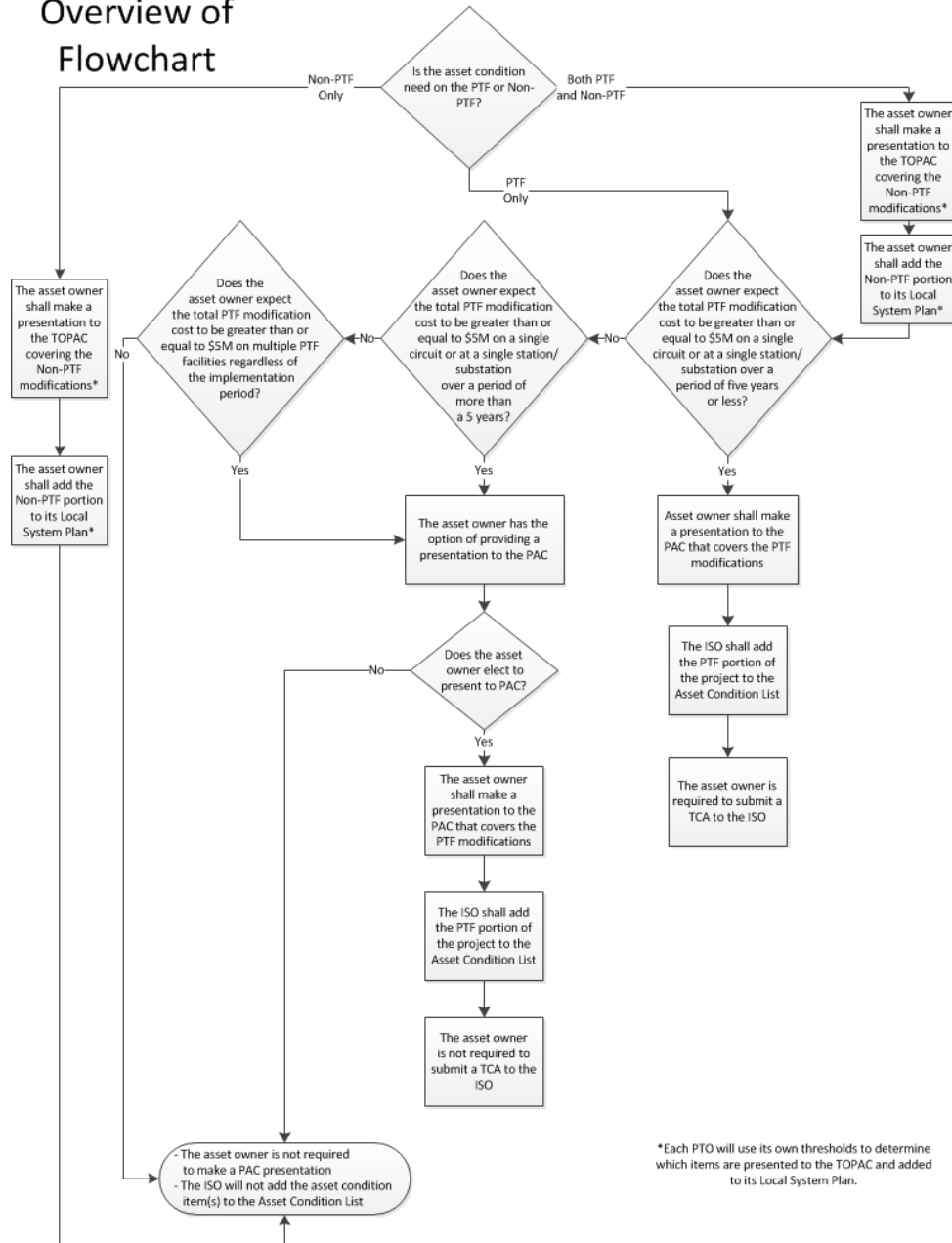


ISO Guidance, cont.

- Text has been converted to a flowchart for ease of use and to provide clarity
- The next 4 slides are as follows:
 - Overview of the flowchart
 - Exploded view of the process for asset condition needs that are only on the PTF
 - Exploded view of the process for asset condition needs that are on the PTF and non-PTF
 - Exploded view of the process for asset condition needs that are only on the non-PTF



Overview of Flowchart

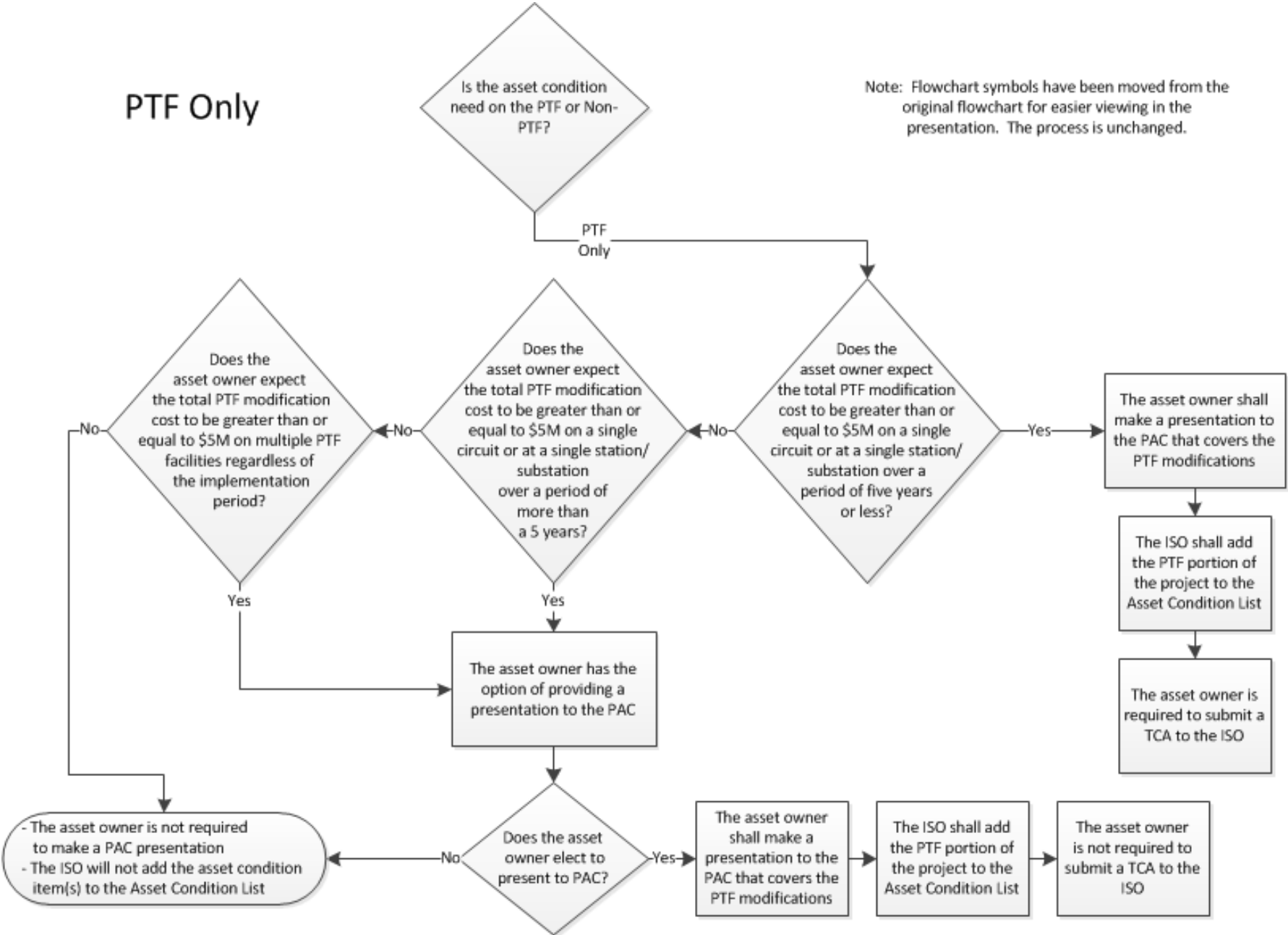


- The asset owner is not required to make a PAC presentation
 - The ISO will not add the asset condition item(s) to the Asset Condition List

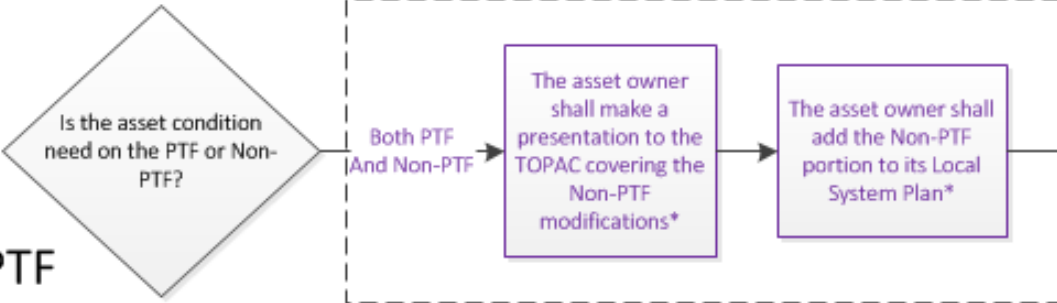
*Each PTO will use its own thresholds to determine which items are presented to the TOPAC and added to its Local System Plan.

PTF Only

Note: Flowchart symbols have been moved from the original flowchart for easier viewing in the presentation. The process is unchanged.

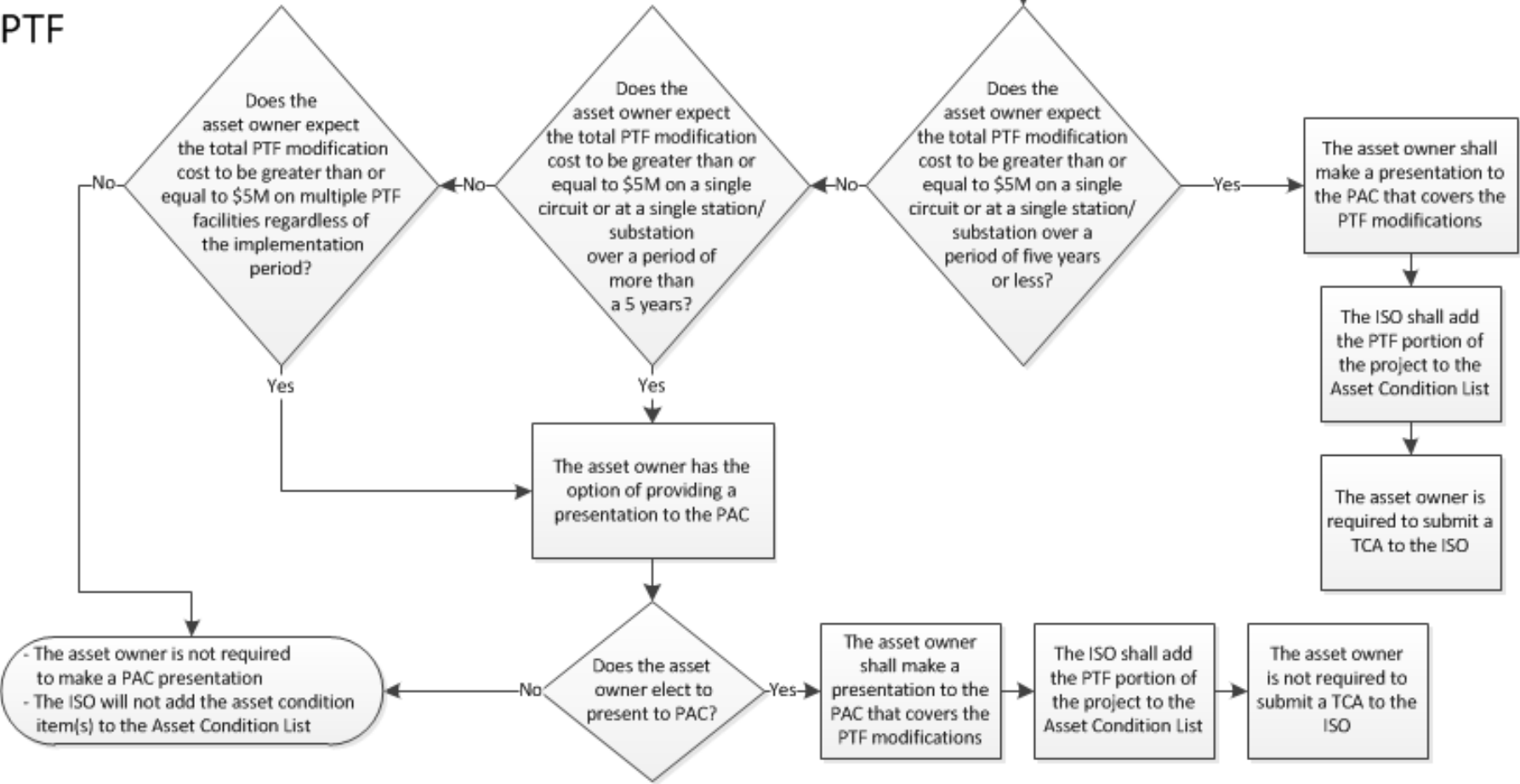


Both PTF and Non-PTF

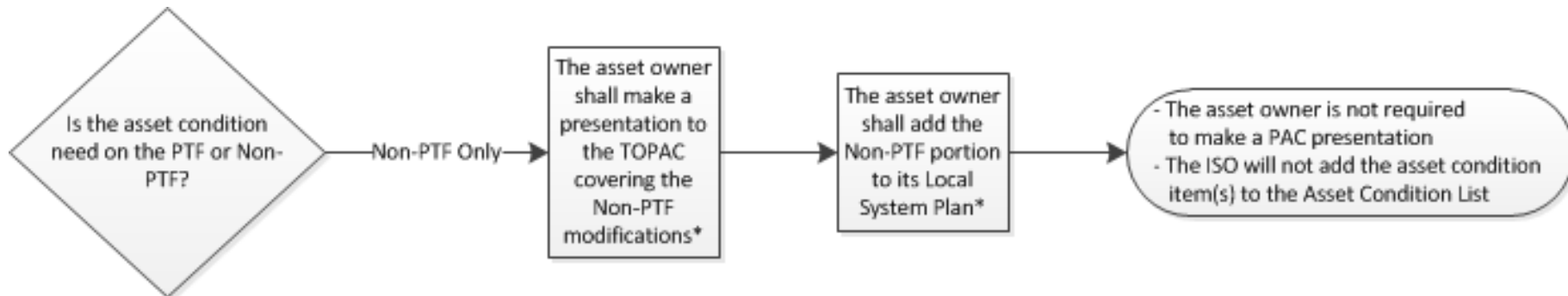


Note: Flowchart symbols have been moved from the original flowchart for easier viewing in the presentation. The process is unchanged. Dashed boxes indicate changes from the PTF only flowchart.

*Each PTO will use its own thresholds to determine which items are presented to the TOPAC and added to its Local System Plan



Non-PTF Only



*Each PTO will use its own thresholds to determine which items are presented to the TOPAC and added to its Local System Plan.

Next Steps

- Please submit comments on the materials in this presentation to pacmatters@iso-ne.com by January 8, 2018
- Modifications will be made to Planning Procedure 4, “Procedure for Pool-Supported PTF Cost Review”
 - Reliability Committee review process anticipated to begin in February 2018
- The flowchart will replace the guidance that is currently located on the bottom of the Asset Condition List as part of the March 2018 update

Questions

