



THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE ATTORNEY GENERAL  
ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108

ANDREA JOY CAMPBELL  
ATTORNEY GENERAL

(617) 727-2200  
www.mass.gov/ago

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[pacmatters@iso-ne.com](mailto:pacmatters@iso-ne.com)

Re: *Massachusetts Attorney General's Office Feedback Regarding the New England Transmission Owners August 8, 2023, Letter and Proposed Guidelines for Asset Condition Project Presentations*

As described in the New England Consumer Advocates' September 14, 2023 letter ("September CANE Letter"), the Massachusetts Attorney General's Office ("Massachusetts AGO") sees substantial need for quick reform of the existing Asset Condition Project planning process and supports the recommendations outlined in the July memorandum submitted by the New England States Committee on Electricity ("NESCOE") to the New England Transmission Owners ("NETOs").<sup>1</sup> Below, the Massachusetts AGO provides additional, specific feedback regarding the NETOs': (1) August 8, 2023, Letter ("NETOs' August Letter")<sup>2</sup> and (2) August 16, 2023, Guidelines for Creation of Asset Condition Project Presentations ("Draft Presentation Guidelines").<sup>3</sup>

### **NETOs August Letter**

The Massachusetts AGO strongly supports each of the proposals outlined in the NESCOE July Memo because, if implemented properly and consistently across NETOs, the proposals should result in a uniform, holistic, and criteria-based planning process essential to providing sufficient visibility into the need for, and scope, scale, and pace of, Asset Condition Projects in ISO-New England ("ISO-NE"). The NETOs' August Letter addresses some of NESCOE's proposals, but it does not go far enough. For example, the NETOs defer action on two critical and time-sensitive recommendations—the Asset Condition Needs and Solution Guidance Document and the Major PTF Equipment Asset Condition Database ("Asset Condition Database").<sup>4</sup> The Massachusetts AGO provides feedback on each below.

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<sup>1</sup> NESCOE Asset Condition Process Improvements – Next Steps Memorandum to the NETOs (July 14, 2023) ("NESCOE July Memo").

<sup>2</sup> NETOs' Response to NESCOE July Memo, Letter Regarding Asset Condition Projects and Process Improvements (August 8, 2023).

<sup>3</sup> NETOs Guidelines for Creation of Asset Condition Project Presentations (August 17, 2023).

<sup>4</sup> The Asset Condition Database would be a public repository of Pool Transmission Facility-related information "necessary to guide and inform holistic asset condition prioritization and decision-making." NESCOE July Memo, at 4. The Asset Condition Database would include age and other

## *Asset Condition Needs and Solution Guidance Document*

New England consumers are paying billions for Asset Condition Projects which now represent the largest category of transmission investment in the region. These projects are omitted from ISO-NE's comprehensive and transparent regional system planning process which conducts detailed analysis regarding reliability project needs and solutions. Instead, Asset Condition Projects are unilaterally selected and developed by the region's NETOs in a siloed manner that appears to vary by company.<sup>5</sup> This dynamic, coupled with minimal opportunity for stakeholder review and feedback, leaves stakeholders, including the advocates representing the consumers funding these investments, with limited ability to meaningfully scrutinize billions in spend before projects begin.

The Asset Condition Needs and Solution Guidance Document is a critical near-term reform that should be developed in parallel with the Major PTF Equipment - Asset Condition Database (discussed separately below). As envisioned by NESCOE, the Asset Condition Needs and Solution Guidance Document "will enable more disciplined, criteria-based consideration of, and decision-making about needs, solutions, and priorities."<sup>6</sup> This reform, coupled with the Asset Condition Database, has the potential to provide much-needed transparency into Asset Condition Project development across NETOs and aid stakeholders, including consumers, in independently assessing the NETOs' decision to pursue particular projects, the scope and pace of those projects, and how each plays into the health of the overall transmission system.

A comprehensive and detailed Guidance Document will also provide a uniform framework within which stakeholders can review and evaluate Asset Condition Projects. This, in turn, will enable stakeholders to provide critical feedback before projects start and facilitate a more robust stakeholder process.

To date, the NETOs have made no commitment to implement this important reform. Moreover, while the NETOs indicate that they will continue to evaluate the proposal, they do not

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asset characteristics, asset health scores, planned comprehensive assessment schedules and cost projections. *Id.*

<sup>5</sup> NESCOE July Memo, at 2 ("Current processes do not result in a uniform approach to asset condition project development across the region, as each transmission owner appears to have different standards and apply different judgment to their asset condition projects.").

<sup>6</sup> NESCOE July Memo, at 5.

provide a timeframe for reporting back to the Planning Advisory Committee (“PAC”).<sup>78</sup> Therefore, the Massachusetts AGO respectfully requests that the NETOs commit to prioritize the development and implementation of the Asset Condition Needs and Solution Guidance Document and provide a date when they will share a substantive proposal for stakeholder consideration with the PAC.

### *Asset Condition Database*

The Massachusetts AGO fully supports the goal of increased visibility and foresight into the Asset Condition Project process through a comprehensive Asset Condition Database that would be developed and maintained in parallel with the Asset Condition Needs and Solutions Guidance Document. The NETOs indicate that they have already committed to providing ISO-NE with age-related information for PTF transformers and transmission lines and that they will start publishing most of this information by the end of the year.<sup>9</sup> The NETOs’ response appears to recognize that any database must be made publicly available (subject to any CEII limitations) to sufficiently increase transparency into Asset Condition Projects. The NETOs should ensure that any Asset Condition Database resulting from this process is made publicly available through ISO-NE.

The NETOs also indicate that they are assessing whether additional asset condition information requested in NESCOE’s July Memo can be included in this data set and that the NETOs expect to report to the PAC on this assessment in September. The Massachusetts AGO strongly supports NESCOE’s proposal for the database to include: additional major PTF transmission assets/identifying characteristics, Asset Health Scores, planned comprehensive assessment schedules, and cost projections. Public access to comprehensive data allows stakeholders to be well-informed and independent participants in the Asset Condition Project process. As with the Asset Condition Needs and Solutions Guidance Document, the Massachusetts AGO respectfully requests that the NETOs commit to prioritize the development and implementation of this reform and provide a date when they will provide the status of their assessment of each of the elements of NESCOE’s proposal, and share a substantive proposal for stakeholder consideration with the PAC.

Lastly, the NETOs indicate that they expect that the age-related PTF information for transformers and transmission lines could be updated annually.<sup>10</sup> In addition to expanding the database to include more PTF assets/asset information, it may also be necessary to update this

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<sup>7</sup> NETOs provide informational presentations to the PAC on Asset Condition Projects with an estimated cost of \$5 million or greater. While PAC members may provide feedback to NETOs on projects there is no specific process around the NETOs’ consideration of and response to stakeholder feedback.

<sup>8</sup> NETOs’ August Letter, at 2 *contrast with* NETOs’ August Letter, at 3 (indicating that the NETOs expect to report to the PAC in September on the status of their assessment of NESCOE’s Asset Condition Database).

<sup>9</sup> NETOs’ August Letter, at 2.

<sup>10</sup> *Id.*

information more frequently than once a year to ensure that it is an up-to-date and useful source of information. For example, the Regional System Plan (“RSP”) Project and Asset Condition Project Lists are updated three times a year. Timing the update of the Major PTF Equipment Asset Condition Database with RSP and/or Asset Condition Project List updates may be a more appropriate cadence.

### *Right-sizing*

The NETOs’ August Letter asks to pursue, concurrently with other reforms, an effort to develop a defined process to evaluate “right-sizing” of proposed transmission projects.<sup>11</sup> The Massachusetts AGO recognizes that right-sizing projects, if done carefully and deliberately, could provide opportunities for long-term cost savings and benefits to consumers. As noted in the September CANE Letter, however, the Massachusetts AGO agrees with NESCOE that substantial efforts on right-sizing cannot and should not occur until the region makes adequate and meaningful progress on reforms to the current Asset Condition Project process, including those addressed above.<sup>12</sup>

### **Draft Presentation Guidelines**

In addition to the substantive reforms addressed above, the Massachusetts AGO also supports NESCOE’s recommendations for Asset Condition stakeholder process improvements, including standardizing Asset Condition Project presentations and establishing clear timelines for stakeholder review and feedback.<sup>13</sup> The Massachusetts AGO appreciates the NETOs’ Draft Presentation Guidelines as a first attempt to address this goal. The Draft Presentation Guidelines, however, fail to include—or lack specificity around—process improvements that are critical to a transparent and predictable stakeholder process. The Massachusetts AGO respectfully requests that the NETOs incorporate the following into the Draft Presentation Guidelines:

- Predictable minimum timelines for posting project presentations to the PAC website for stakeholder review. The Massachusetts AGO suggests that NETOs make presentation materials available at least ten days prior to PAC presentation.
- Minimum timeline(s) for presentations prior to the start of construction to allow for meaningful review and integration of stakeholder feedback.<sup>14</sup> For example, the Draft Presentation Guidelines could specify that the initial presentation for each project to the PAC should be presented a minimum of six to eight months prior to the start of

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<sup>11</sup> NETOS’ August Letter, at 3.

<sup>12</sup> NESCOE Feedback on Draft 2023 Regional System Plan, at 1-2 (August 30, 2023) (“New England needs enhanced fundamental asset condition processes before it can effectively address rightsizing concerns); *see also* NESCOE July Memo, at 1-2, 7 (“ISO-NE, states, and stakeholders have no time to review the NETOs’ proposed project costs in even a cursory way, let alone time to consider cost-effective right-sizing opportunities.”).

<sup>13</sup> NESCOE July Memo, at 5–6.

<sup>14</sup> NESCOE July Memo, at 6.

construction. The minimum timeline should provide adequate time for NETO consideration of stakeholder feedback and NETO response to stakeholder feedback, including subsequent presentations to the PAC prior to the start of construction.

- A more detailed process for NETO response to stakeholder feedback, including, but not limited to: (1) a timeline for NETOs’ written responses to stakeholder comments; and (2) potential factors/criteria the NETOs would consider in determining whether stakeholder feedback warranted additional project presentations to the PAC.
- The requirement of a second PAC presentation where cost estimates for a project are not at a Conceptual Level (-25%/50%), as detailed in the NETOs’ August 16<sup>th</sup> Proposed Guideline Presentation to the PAC.<sup>15</sup>
- Remove the section entitled “Preferred Solution – Right-Sizing.” As the Draft Presentation Guidelines note, a right-sizing process has not been developed. Thus, the inclusion of a right-sizing section in the Draft Presentation Guidelines is premature. Moreover, as noted above, meaningful discussions around rightsizing cannot take place until substantial reforms to the current Asset Condition Project process are in place. The Massachusetts AGO recognizes that the Draft Presentation Guidelines will likely need to be revisited after more substantive reforms are adopted (e.g., upon adoption and implementation of an Asset Condition Needs and Solution Guidance Document).
- Provide more detailed memoranda, like Eversource’s memorandum regarding the 1704/1722 Underground Cable Replacement Project, as part of initial presentation materials.<sup>16</sup> Detailed memoranda explaining needs, challenges, and solutions for a project would increase stakeholder understanding of projects and enable more informed stakeholder participation and feedback.

## **Conclusion**

The Massachusetts AGO appreciates the opportunity to provide this feedback to the PAC and looks forward to working collaboratively and expeditiously with the NETOs, NESCOE, the New England Consumer Advocates, and other stakeholders over the coming months to implement critical reforms to the current Asset Condition Project planning process.

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<sup>15</sup> NETOs Proposed Guidelines for Asset Condition Project Presentations, Slide 6 (August 16, 2023).

<sup>16</sup> Eversource Memorandum Response to NESCOE’s July 7, 2023, Letter Regarding the 1704/1722 Underground Cable Replacement Project (August 8, 2023).

Respectfully submitted,

ANDREA JOY CAMPBELL  
ATTORNEY GENERAL

Ashley Gagnon  
Ashley Gagnon  
Allison O'Connell  
Assistant Attorneys General  
Massachusetts Attorney General  
Office of Ratepayer Advocacy  
One Ashburton Place  
Boston, MA 02108  
(617) 727-2200

CC: Alan Trotta, Senior Director, Transmission Regulatory, Avangrid  
Heather Hunt, Executive Director, NESCOE  
Sheila Keane, Director of Analysis, NESCOE  
David Burnham, Director, Transmission Policy, Eversource  
Robin Lafayette, ISO Policy and Economic Analysis, Eversource  
Jillian Macura, Secretary, Planning Advisory Committee