

Transmission Line Project Status February 15, 2017

Introduction

This letter delivers an update from the Hudson Valley Smart Energy Coalition (“HVSEC,” “the Coalition”) to our valued members, communities, and stakeholders regarding the transmission line project, proposed to run new high voltage overhead lines from Marcy in western NYS through the Hudson Valley to Pleasant Valley, NY. This proceeding came to public attention in 2013, when the New York State Public Service Commission (NYS PSC) announced that it would manage the project with a new process intended to encourage competition. Unfortunately the new process had no roadmap; it was defined day-to-day and month-to-month, creating a difficult, frustrating experience for all stakeholders except the PSC.

Purpose of Hudson Valley Smart Energy Coalition

HVSEC was formed in 2014 to help concerned municipalities and groups intervene and participate in this proceeding. The Coalition’s goal is to represent the needs of all impacted parties, which in this case means all NYS residents - the ratepayers who will foot the bill for the \$1+ billion investment.

People and organizations raised concerns about fiscal impact and responsibility, and sought assistance with four primary issues:

- Threat of eminent domain, resulting in loss of homes and livelihoods
- Loss of historic, scenic, agricultural, and natural resources in the Hudson Valley, threatening economic health and viability
- Lack of evidence of actual need for new overhead transmission lines for a project that dramatically fails all cost-benefit ratio analyses.
- Reliance on 19th century energy solutions, such as long-distance transmission, instead of 21st century solutions

Property owners began to learn about this project in 2013 - with some surprise - by viewing developers’ proposals to the PSC. By that time, lines had been drawn on maps, through their lands and residences.

The PSC explained that these were only “concepts” and that it would be years before decisions are made about whether the project would go forward. Nevertheless, images of historic farms and properties, residences, and scenic landscapes remained on maps with lines drawn through them, and lives and businesses went on hold.

Further, the PSC acknowledged that the assessment of need, including quantified scientific research, had not been addressed, but would be tackled sometime in the future.

The Coalition formed to intervene and advocate in support of constituents and stakeholders.

Current Situation and a Success

Since 2014, HVSEC communicated with the PSC, government agencies such as NYSERDA, elected officials, members of the media, and developers. A primary objective was to demonstrate why it was not necessary or acceptable to threaten eminent domain and place lives and businesses on hold for 5-6 years.

The Coalition is very pleased that in 2016, the NYS PSC publicly recognized that the proposed transmission line project could feasibly be constructed inside existing energy corridors on three dimensions – height, width, and length. These comments are major departures from initial project specifications, and reflect Governor Cuomo’s preferred strategy for projects of this type. We thank Governor Cuomo, the PSC, and the responsible developers for these directional changes.

However, to date this “preference” has not been encoded into law and vigilance is required to ensure that it becomes fact. Despite these stated preferences, no formal decisions have been made by the PSC other than to move forward with the project. It took 5 years for the PSC to reach this point.

The Coalition urges all constituents to understand that these directional changes are statements of intention only. This is a project in process. Decisions about developer(s) to be selected likely will be made later in 2017; final routes will then be proposed later, after that developer completes 18-24 months of engineering work and environmental research.

Agree to Disagree

In 2014 HVSEC studied the issue of need for additional transmission lines:

- What proof of need exists?
- How, if at all, has the demonstrable decline in electricity usage been integrated into forecasts?
- What is the specific cost or service benefit to ratepayers for the proposed projects?

HVSEC advocated that need should be established prior to moving forward with the project – a different order of operations than the PSC’s preferred approach.

The Coalition applied for and was awarded intervenor funding for significant quantitative research to be completed by recognized scientists and professionals. This type of research contributes to the general record available to all stakeholders.

There are three possible justifications for new overhead transmission lines: reliability, economic benefit, and public policy.

The research completed by the independent experts hired by HVSEC concluded that there is no need for additional overhead transmission lines, particularly given the established decline in electricity usage over the past five years and projected declines for the future. The Coalition

made clear that \$1+ billions of ratepayers' money would be poorly spent on this project estimated to deliver only \$1 of public benefit for every \$7 we are asked to pay. The PSC disagreed, and is proceeding with the project based on "public policy justifications" which are unquantified and influenced solely by subjective and political considerations.

The public policy process and justification is another new process for NYS. The Federal Energy Regulatory Commission (FERC) will be closely involved. HVSEC looks forward to participating actively in this new adventure.

Next Chapter

In January 2017, the Coalition met to discuss goals and kick off the next phase of our work in support of our constituents. We expect in the first half of 2017 to monitor the project as it moves through the process defined by the PSC. When the decision is made about which developer(s) is approved to move into the next phase, we will have a better understanding of how to work with involved parties.

The Coalition is committed to provide an opportunity to all residents and stakeholders to participate in the process. We believe that this participation is essential to ensure appropriate oversight of government agencies and private developers over a period of years as they create new processes and decide how much money NYS residents will pay.

In our 2017 kickoff meeting, we reaffirmed our primary mission to support and represent our constituents, and help work toward a New York State enabled by smart, next generation energy solutions.

Goals

The Coalition identified these ambitious goals and interests for 2017:

1. Watch over the process, assuring that eminent domain and the prospect of ruined landscapes do not reappear.
2. Bring people together around one table to share, educate, and create common ground; expand the involved community with communication, combining efforts with organizations and individuals where appropriate to achieve shared goals.
3. Advocate to elected officials at local, state, and federal levels
4. Investigate ways to further facilitate efforts to build and maintain a superior, efficient and modern grid.
5. Initiate research about state-wide electricity rates; assess the opportunity to incorporate rates in the Coalition's platform.
6. Continue education and promotion of 21st century energy solutions including underground lines and distributed generation.

HVSEC Web Site
www.hvsec.org