On April 25, the New York Power Authority (NYPA)—an entity controlled by New York State—filed a petition seeking to charge consumers higher electric rates through an increase of its rate of return, from 9.45% to 10.2%, for its share of the proposed Propel NY transmission line. The Commission’s consideration of NYPA’s proposed 75 basis point rate incentive must be conditioned on whether NYPA has applied for or qualifies for any of the six recently enacted federal financial subsidy programs for transmission developers.

NYPA’s base return on equity (ROE) is 8.95%. The Commission has already approved an additional 50 basis points for NYPA’s participation in NYISO, raising its effective ROE to 9.45%. On top of that, the Commission granted NYPA the Abandoned Plant Incentive for Propel NY on November 6, 2023. An effective ROE of 9.45% combined with the Abandoned Plant Incentive should provide NYPA with more than adequate incentives to build Propel NY without the extra 75 basis point incentive. That said, the requested 75 basis point incentive must not be granted until NYPA discloses whether it has applied for or received any financial incentives through recently-enacted federal statutes. NYPA should also disclose to the Commission whether they qualify for any additional state-level incentives.

Since the Energy Policy Act of 2005 authorized the Commission to consider the use of incentive rates for transmission projects, Congress has appropriated billions of dollars in taxpayer-funded subsidies for owners of certain proposed electric transmission projects through two recent statutes: the 2021 *Infrastructure Investment*
and Jobs Act (IIJA)\textsuperscript{4} and the Inflation Reduction Act of 2022 (IRA).\textsuperscript{5} There are six distinct financial incentive programs authorized through these statutes. The Commission’s evaluation of whether NYPA’s incentive rate request is just and reasonable should consider whether a transmission owner qualifies for, has applied for, or has received financial incentives available through either IIJA or IRA. Subsidies through Congressional appropriations (funded primarily by taxes on income) are more equitable than funding ROE incentives paid through regressive electric rates. Therefore, financial incentives provided through either the IIJA or IRA will be just and reasonable compared to incentive rates.

The six new financial incentives for electric transmission developers are:

- **Section 40106 of IIJA** established a $2.5 billion Transmission Facilitation Program. The U.S. Department of Energy (DOE) set a March 11, 2024 deadline for the first round of proposals.\textsuperscript{6} The Commission should compel NYPA to disclose whether it submitted an application for financial assistance under this DOE Transmission Facilitation Program, and, if not, why not? If NYPA has applied for grant assistance, FERC must defer a decision on awarding NYPA’s requested incentive rate until a DOE decision on the grant application is issued.

- **Section 40101 of IIJA** offers an additional $2.5 billion in federal money for certain electric transmission Grid Resilience Utility and Industry Grants.\textsuperscript{7} Has NYPA applied for, or considering applying for, grants under this DOE transmission development assistance?

- **Section 40103 of IIJA** provides $5 billion for DOE’s Grid Innovation Program than funds certain electric transmission projects.\textsuperscript{8} Again, NYPA should explain whether it qualifies for incentives under this program.

- **Section 40107 of IIJA** provides DOE with $3 billion to cover expenditures for the purchase and installation of “advanced transmission technologies”. NYPA should reveal whether its Propel NY project qualifies for support under this program.

- **Section 50151 of the IRA** (Transmission Facility Financing) appropriates $2 billion for a direct loan program for the development of transmission projects,\textsuperscript{9} and Section 50152 (Grants to Facilitate the Siting of Interstate Electricity Transmission Lines) spends $760 million aimed at facilitating the siting of

\textsuperscript{4} www.congress.gov/117/plaws/publ58/PLAW-117publ58.pdf
\textsuperscript{5} www.congress.gov/bill/117th-congress/house-bill/5376
\textsuperscript{6} www.energy.gov/gdo/transmission-facilitation-program
\textsuperscript{7} www.energy.gov/gdo/grid-resilience-and-innovation-partnerships-grip-program
\textsuperscript{8} www.energy.gov/gdo/grid-innovation-program
\textsuperscript{9} www.energy.gov/gdo/transmission-facility-financing-program
transmission lines. NYPA should disclose whether its Propel NY transmission project qualifies for incentives through either of these IRA programs.

Failure to condition approval of NYPA’s requested 75 basis point rate incentive on whether NYPA qualifies for additional financial subsidies through the IIJA and IRA would result in the 75 basis point incentive to be unjust and unreasonable.

Respectfully submitted,

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10 www.energy.gov/gdo/transmission-siting-and-economic-development-grants-program