

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Building for the Future Through Electric)	
Regional Transmission Planning and Cost)	Docket No. RM21-17-000
Allocation and Generator Interconnection)	

**REPLY COMMENTS OF THE
ELECTRICITY CONSUMERS RESOURCE COUNCIL (ELCON)**

The Electricity Consumers Resource Council (ELCON) respectfully submits these reply comments on the initial responses to the July 15, 2021 Advance Notice of Proposed Rulemaking (ANOPR)¹ in the above-captioned docket, in which the Federal Energy Regulatory Commission (FERC or Commission) proposes and seeks comment on potential reforms to improve the electric regional transmission planning and cost allocation and generator interconnection processes. ELCON filed initial comments in this docket on October 12, 2021.²

SUMMARY

The initial comments to the ANOPR demonstrate overwhelming support for long-term scenario planning in a holistic manner. Commenters provided additional detail on conducting scenario planning, cost allocation methods that minimize cost shifts to customers, best practices for cost/benefit analyses for transmission projects, and new ideas for measuring benefits to customers. Commenters also provided suggestions for the Commission to establish minimum criteria for long-term planning that apply to both regional transmission organization and independent system operator (RTO/ISO) footprints and strongly suggested that such criteria also apply to non-

¹ *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Advance Notice of Proposed Rulemaking, 176 FERC ¶ 61,024 (2021) (ANOPR).

² Comments of the Electricity Consumers Resource Council, Docket No. RM21-17-000 (filed Oct. 12, 2021) (ELCON Initial Comments).

RTO/ISO planning regions. Finally, the initial ANOPR comments demonstrate strong support for enhanced transmission planning oversight or the establishment of an Independent Transmission Monitor (ITM). Recommendations as to the scope and authority of a newly created ITM highlight many of the inconsistencies, limitations, and unfair practices under current transmission planning processes.

I. THE COMMISSION SHOULD REQUIRE HOLISTIC LONG-TERM SCENARIO TRANSMISSION PLANNING ACROSS ALL PLANNING REGIONS

Consistent with ELCON's Initial Comments, there is widespread support in the record for a more holistic and future-based scenario transmission planning process. Customers are better served by longer term planning that takes into consideration several potential scenarios "rather than exhausting the low-hanging fruit addressing near-term needs."³ The band-aid, incremental, and piecemeal approach to current transmission planning has proven to be inefficient and has caused significant costs to customers. A more efficient and cost-effective process would take a more holistic approach to transmission needs. As stated in the ELCON Initial Comments, "[c]onsumers end up paying for multiple, expensive, one-off solutions that may have been more cost-effectively addressed by one larger, multi-regional transmission project with shared costs over a larger footprint."⁴ The U.S. Department of Energy (DOE) states:

Relying on successive small transmission expansion projects to meet foreseeable long-term needs may lead to the need for expensive retrofits (at customers' expense) at a later date. Economies of scale and network economies suggest that an initial larger-scale buildout will often represent a lower-cost solution. Moreover, a long-term expansion plan can usually be designed to be implemented in stages, thus minimizing front-end costs and preserving latitude for mid-course

³ Initial Comments of Massachusetts Municipal Wholesale Electric Company, *et al.*, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 15.

⁴ ELCON Initial Comments at 7.

corrections in the design if unexpected changes occur.⁵

Due to the challenges of siting and permitting, transmission projects can take upwards of ten years to build. This suggests that long range planning is necessary in order to prepare the transmission system to address future needs, rather than focusing merely on the challenges of today. However, there are legitimate customer concerns that the farther out the planning period, the less certainty that any of the studied scenarios will come to fruition, potentially saddling customers with the costs of stranded transmission assets. In fact, several commenters expressed serious reservations about building transmission in anticipation of future generation in specific geographic regions and requiring existing customers to pay for transmission that may only benefit the customers of tomorrow.

With such risks in mind, commenters also presented “guardrails” or mitigation measures to ensure customers do not bear the full brunt of the costs of speculative transmission build. The Large Public Power Council recommends financial risk sharing; demonstrated subscription proposed transmission projects; demonstrated commitment by developers to land acquisition, permitting, and financial milestones; as well as periodic review of anticipated benefits of a transmission project in order to help shield consumers from undue costs.⁶ Another recommended measure is to impose an aggregate cost cap that consumers would have to pay for anticipated future generation.⁷ American Electric Power Service Corporation’s recommendation to base benefits and costs on a portfolio of projects, rather than on a project-by-project basis,⁸ could shield consumers from paying for individual transmission projects that provide less benefit

⁵ Comments of the United States Department of Energy to Advanced Notice of Proposed Rulemaking, Docket No. RM21-17-000 (filed Oct. 12, 2021) (DOE Initial Comments), at 10-11.

⁶ Comments of Large Public Power Council, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 15-17.

⁷ Initial Comments of Alliant Energy Corporate Services, Inc., *et al.*, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 14-15.

⁸ Initial Comments of American Electric Power Service Corporation, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 2.

than a portfolio of projects or may not be proven used and useful.

II. THE COMMISSION SHOULD ESTABLISH MINIMUM CRITERIA FOR LONG-TERM SCENARIO PLANNING

Long-term scenario planning can only be successful with clear, mandatory planning criteria for RTO/ISO planning regions as well as those regions outside of RTOs/ISOs. The lack of consistently-applied metrics in determining transmission needs has resulted in inefficient, piecemeal regional planning and virtually no interregional planning. As such, the Commission must establish a set of criteria that must be considered in long-term scenarios. Such criteria would be the minimum of the assumptions to be included in scenario analyses while still allowing regional flexibility for other relevant criteria. However, regional flexibility should not exempt any region, whether an RTO/ISO region or non-RTO/ISO region, from considering the mandatory set of minimum criteria. Understandably, states are resistant to ceding any control of transmission siting and permitting approval; however, regional and interregional transmission planning with some independent oversight is not mutually exclusive with states' jurisdictions. Furthermore, the Commission acknowledged in the ANOPR that regional state committees provide an opportunity for states' views to be considered as part of the stakeholder process.⁹

By establishing a set of criteria that must be considered in transmission planning, transparency will be enhanced, and discipline will be introduced in assessing transmission needs and solutions. Mandatory planning criteria should include consideration and analysis of:

- grid enhancing technologies and other measures to increase the performance and capacity of existing infrastructure;
- the frequency and intensity of extreme weather;
- anticipated energy resource mix taking into account federal, state, local, utility, industrial, and commercial clean energy goals;

⁹ ANOPR at PP 176-177.

- age and potential retirement of existing generation and transmission;
- anticipated increase in levels of electrification in the transportation, home heating, and manufacturing sectors;
- anticipated load profiles;
- future penetrations of distributed energy resources;
- increased use and cost-effectiveness of energy storage; and
- existing rights-of-way including usage of highway and railway corridors to inform siting decisions.

In addition to a minimum set of criteria, the Commission should impose greater uniformity in analytical models and assumptions to ensure similar measurement and analyses of the planning criteria across all regions. As referenced above, criteria, methodologies, and assumptions should be mandatory for interregional planning as well. A fundamental disconnect in analytical models used by different regions has contributed to, and may be totally responsible for, the lack of interregional outcomes. The Oregon Public Utility Commission notes that “interregional planning... appears to consist of taking several regional plans – produced with little to no coordination – and presenting them in a single forum to determine whether something obvious emerges.”¹⁰

III. INCREASED OVERSIGHT OVER TRANSMISSION PLANNING IS NECESSARY

Initial comments to the ANOPR were highly supportive of instituting an Independent Transmission Monitor (ITM) in the RTO/ISO and non-RTO/ISO regions to increase oversight in transmission planning and transmission development. It is interesting to note that those commenters opposed to an ITM were largely the RTOs/ISOs and utilities, the very entities for which oversight is specifically needed. As noted in the ELCON Initial Comments, “[a]lthough RTOs/ISOs operate and manage these processes as independent parties, there is a natural incentive to support

¹⁰ Comments of the Oregon Public Utility Commission, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 10.

transmission owners, whose membership is relied upon for the RTOs/ISOs' viability."¹¹ Establishing an ITM is perhaps most important for non-RTO/ISO regions as transparency into their planning processes is extremely limited. As Dr. David Patton explained, "[i]n non-RTO/ISO areas a monitor would bring transparency and independent review and reporting/recommendations where none exists today... monitoring of the transmission planning process and project selection, costs, and allocations would enhance transparency, confidence, and improve the outcomes [that] should be required in all planning regions."¹²

While the scope of the ITM varied among commenters, most agreed that the ITM would serve a similar function to the Independent Market Monitor in RTOs/ISOs and act as an advisor to ensure that transmission planning is conducted in compliance with Commission directives and regional tariffs. An ITM "can evaluate the projects' fundamentals, cost overrun, and underlying assumptions, as well as provide stakeholders needed industry benchmarks and recommendations on best practices for cost containment."¹³

R Street Institute recommended that:

The ANOPR accurately recognizes the deficiency of economic oversight in the absence of competitive discipline in transmission planning and asset management. An independent transmission monitor could close this gap: overseeing transmission planning and project selection processes to ensure independence; using robust economic criteria; promoting fair competition between new entrants and incumbent transmission providers; conducting independent assessments of transmission system performance; and making transmission rule recommendations with filing authority before the

¹¹ ELCON Initial Comments, at 13; *see also* Reply Comments of Potomac Economics, Docket No. RM21-17-000 (filed Nov. 11, 2021), at 4.

¹² Comments of Potomac Economics, Ltd., Docket No. RM21-17-000 (filed Oct. 12, 2021), at 9-10.

¹³ Comments of the Pennsylvania Public Utility Commission, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 18.

Commission...¹⁴

In the ELCON Initial Comments, we suggested that:

The fundamental responsibility of the independent transmission monitor should be to participate in the national roadmap planning process; oversee compliance with their region's transmission planning process, open solicitation protocols, evaluation methodologies, and competition exemptions; conduct *ex-post* audits of transmission project efficacy; enforce construction and development cost caps; and engage in mandatory interregional planning and coordination with other regions.¹⁵

The role of the ITM would not be limited to the transmission planning process but could extend into ensuring transparency and fairness in interconnection studies. DOE's initial comments emphasize the need for independent oversight: "Transmission planning, interconnection, and cost allocation all involve issues of great importance to the public, often with conflicting interests among participants... Interconnection applicants should have the option of calling for review of such studies by an independent entity, such as a regional transmission monitor."¹⁶ For the foregoing reasons, ELCON supports instituting an ITM in the RTO and non-RTO regions to increase oversight in transmission planning and transmission development, which may ultimately reduce costs and increase transparency for consumers.

CONCLUSION

ELCON appreciates the Commission's efforts to re-examine transmission planning, generator interconnection, and cost allocation. ELCON urges the Commission to take a more proactive and holistic approach to transmission planning to

¹⁴ Comments of the R Street Institute, Docket No. RM21-17-000 (filed Oct. 12, 2021), at 2.

¹⁵ ELCON Initial Comments, at 14.

¹⁶ DOE Initial Comments, at 49.

ensure that consumers are benefitting from transmission development and are not unduly bearing the high costs of uncoordinated, incremental development. As such, the Commission should establish minimum criteria to be considered in transmission planning with oversight assistance from an independent entity.

Respectfully submitted,

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