

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Transmission Planning and)
Cost Management) Docket No. AD22-8
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Citations to Record Evidence in Docket No. RM21-17
Ari Peskoe, Harvard Electricity Law Initiative
Panel 2: Local Transmission Facility Cost Management Practices

I appreciate the Commission’s efforts to build a record on transmission rate oversight. To assist in the development of a complete record, I respectfully submit excerpts from filings in docket RM21-17 that respond directly to Commissioners’ discussions with the regulated utilities’ representatives during the October 6 Technical Conference’s second panel.

ITC’s local transmission planning is not transparent

Michigan Public Service Commission

Of increasing concern to the Michigan PSC is the growing portion of locally planned ‘Other projects in MISO or ‘Supplemental Projects’ in PJM relative to other types of transmission project in these RTOs. While the Michigan PSC recognizes the need for such a ‘catch-all’ planning category for basic maintenance-related transmission upgrades, there is a glaring lack of transparency into how these projects are planned, prioritized, and scheduled as well as what their final costs will be, and whether there may be more valuable or less-costly alternatives. . . . Indeed, the least transparent aspects of regional transmission plans are the current buckets of projects, such as ‘asset age and condition’ projects, with no defined assets.¹

¹ [Comments of the Michigan Public Service Commission](#), Oct 12, 2021, at pp. 8–10.

Transmission-Dependent Michigan Investor-Owned Utilities (Alliant Energy, Consumers Energy, DTE)

Today, transmission owners can unilaterally change their local planning criteria and there is very little review of those changes, even though such changes can have a significant effect on transmission expansion costs imposed on customers.²

ITC Midwest customer Resale Power Group of Iowa

RPGI's members report that even with MISO's much-touted stakeholder engagement process in place, opportunities for dialoguing with transmission owners on local planning issues, especially those related to asset management, end-of-life, and other forms of local planning that are exempt from Order No. 890's transmission planning requirements, are virtually nonexistent. According to these members, all too often, they are presented with local projects as *fait accompli* with little or no opportunity for discussion. Members are left with the impression that they are expected to shoulder the cost of new or upgraded facilities without having the ability to discuss less costly alternatives and potential opportunities for collaboration.³

Avenues for challenging ITC transmission rates are ineffective

ITC Midwest customer Resale Power Group of Iowa

Customers certainly can initiate informal and formal challenges to a transmission provider's annual formula rate true-up when the provider seeks to include a new project in its rate base. Such challenges at best are *ex post facto* remedies that focuses on project cost, not on whether the project itself represents the most cost-effective approach to satisfy a transmission need.⁴

ITC provides limited information to customers about its planned projects

ITC Midwest customer Resale Power Group of Iowa: The group's [December 15, 2021 filing](#) details its interactions with ITC to rebut the company's filed comments about its stakeholder engagement.

² [Initial Comments of Alliant Energy Corporate Services, Inc., Consumers Energy Company, and DTE Electric Company](#), Oct. 12, 2021, at p. 25.

³ [Reply Comments of the Resale Power Group of Iowa](#), Sep. 19, 2022, at p. 4-5.

⁴ [Comments of the Resale Power Group of Iowa](#), Oct. 12, 2021, at p. 8.

ITC customers support an ITM for local planning

Transmission-Dependent Michigan Investor-Owned Utilities

While NERC has some input and oversight over changes to local planning criteria, its mandate is to ensure reliability — not necessarily in a manner most cost effective for customers. A transmission monitor could shed light on this process, instilling greater customer confidence that proposed transmission solutions arising from changes in local planning criteria are cost-effective solutions to identified issues.⁵

Georgia regulators have identified flaws in state planning and oversight

Southern Renewable Energy Association:

Chairwoman Pridemore pointed out that the transmission system is planned on a 10-year basis, but the IRP covers 20 years. Commissioner McDonald noted that the Commission staff do not have the resources to adequately evaluate the optimization of the transmission system. Still, Georgia Power argued against PSC staff recommendations of improving transmission planning practices, citing SERTP as enough of a planning process.⁶

Other staff witnesses were asked, “Generally, do you believe that the Commission staff have enough resources to evaluate these transmission alternatives and optimization of transmission of the system?” After a brief silence, Commissioner Bubba McDonald interjected saying “No!” followed by staff’s concurrence that they are not equipped to evaluate the transmission system in the IRP process.⁷

Local planning in Georgia is not transparent

Southeast Public Interest Groups

Although the Integrated Transmission System (ITS) joint planning process represents the first step for any transmission expansion in the state, it is not open to the public and features no stakeholder involvement beyond the ITS members. Georgia Power officially conducts its Order No. 890 local transmission planning process through SERTP (along with Southern

⁵ [Initial Comments of Alliant Energy Corporate Services, Inc., Consumers Energy Company, and DTE Electric Company](#), Oct. 12, 2021, at p. 25–26.

⁶ [Comments of the Southern Renewable Energy Association](#), Aug. 17, 2022, at p. 29.

⁷ [Reply Comments of the Southern Renewable Energy Association](#), Sep. 19, 2022, at p. 8.

Company's other affiliates), but practically speaking, local transmission planning in Georgia occurs on the ITS level.⁸

Transmission planning processes in Georgia are not cohesive

Southeast Public Interest Groups

Each of the systems in place for planning those enhancements is wholly insufficient to do so in an efficient, least-cost manner. Put another way, there is a fundamental disconnect between the three forums relevant to transmission planning in the state, contributing to Georgia Power's transmission planning paralysis. The ITS operates without regulatory oversight or stakeholder input, insulating its utilities from any outside influence, yet forms the basis for Georgia Power's local transmission plans. The Georgia PSC reviews Georgia Power's IRP, but only does so every three years, and it is unclear — even to Georgia Power — whether the Georgia PSC must affirmatively approve the portfolio of transmission facilities contained in the ten-year transmission plan or examine the process that created it. And SERTP has failed to avert the situation in which Georgia Power now finds itself, due to — among other failings — its limited planning horizon and failure to consider the resource trends driving transmission needs, even where stakeholders had previously identified those very needs.⁹

Southern Company does not identify transmission solutions in two states

Southern Renewable Energy Association

MS PSC IRP Rule 29 Section 104.3b specifically requires that “Any potentially viable transmission resources that may be utilized by an electric utility to meet or reduce its forecasted load requirements, shall be identified and discussed.” . . . Mississippi Power Company failed to adhere to the state's IRP Rule regarding evaluating transmission resources. Mississippi Power did mention it conducts both a five-year and 10-year study for transmission but in its Annual Energy Plan for 2021 only filed a five-year 2021-2025 MPC Major Transmission Capital Project List. The Annual Energy Plan is not approved by the Commission.

⁸ [Comment of the Southeast Public Interest Groups](#), Aug. 17, 2022, at p. 26.

⁹ [Comment of the Southeast Public Interest Groups](#), Aug. 17, 2022, at p. 28–29.

. . . It does not appear that Alabama Power provides a ten-year transmission plan to the Alabama PSC, like Georgia Power does for the Georgia PSC. . . . Alabama does not have a public IRP process.¹⁰

It is not possible for FERC to encroach on a process that does not exist, nor is it possible for a non-existent process to adequately handle transmission planning.¹¹

Southern Company does not explain why it develops specific projects

Georgia PSC Staff Witness John Chiles of GDS Associates

The Company did not provide any analysis that indicated the projects were the optimal solutions with respect to cost. The power flow analysis only identifies possible solutions to meet various system conditions but does not evaluate the costs of those solutions.¹²

Southern Company IRPs lead to sub-optimal transmission

Georgia PSC Staff Witness John Chiles of GDS Associates

The Company's goals related to increasing renewable generation penetration in the State necessitate having a transmission system that can accommodate those goals. Developers benefit from knowing where to target the system to maximize use of the transmission system and where to minimize the need for costly upgrades that may make their projects uneconomic. The consumers would benefit from having lower costs with an optimized solution that neither overbuilds generation in undesirable locations or in constructing transmission infrastructure that does not achieve reliability and resilience goals. This type of transparency in planning would facilitate better decision-making instead of the three year look the Commission gets in the IRP.¹³

Southeast Public Interest Groups

The lack of any regular, formal proceeding to consider Alabama Power's comprehensive facility investment plan is troubling and ensures that both

¹⁰ [Comments of the Southern Renewable Energy Association](#), Aug. 17, 2022, at pp. 16, 36, 45; [Comment of the Southeast Public Interest Groups](#), Aug. 17, 2022, at p. 34 (noting Alabama does not have a formal IRP process)

¹¹ [Reply Comments of the Southern Renewable Energy Association](#), Sep. 19, 2022, at p. 3.

¹² [Comments of the Southern Renewable Energy Association](#), Aug. 17, 2022, at p. 32 (quoted in a GA PSC proceeding).

¹³ [Reply Comments of the Southern Renewable Energy Association](#), Sep. 19, 2022, at p. 10 (quoted in a GA PSC proceeding).

generation and transmission are considered on a project-by-project basis. This piecemeal approach to addressing transmission needs for individual generation resource decisions will cause sticker-shock every time and an institutional aversion to broader transmission investment, especially when transmission benefits are expressly ignored. Instead, transmission system upgrades will occur primarily through the generator interconnection process, despite its many inefficiencies. Because no forward-looking, portfolio-based consideration of Alabama Power's transmission facilities exists at the state level, SERTP provides the only alternative forum for such planning. As these comments have shown, however, SERTP's focus on local transmission facilities and emphasis on cost present the same problem and fail to adequately account for the efficiencies inherent to broad-based planning.¹⁴

Alabama's process is emblematic of a major flaw in the region's overreliance on IRP/RFP processes to drive transmission planning: these processes vary wildly across the region in terms of frequency, comprehensiveness, transparency, and the degree to which they proactively consider systemwide transmission needs. . . . Indeed, as currently constituted, the existing planning processes create a feedback loop where the utilities' own plans are simply reinforced at both the state and regional planning level.¹⁵

Regional planning in the Southeast is not transparent

Southern Renewable Energy Association

In SERTP, no cost values are ever provided publicly. Therefore, it is impossible for non-utilities to offer transmission alternatives, and also not possible for state regulatory agencies to offer alternative solutions across state lines; the agencies would need to intervene in another state's process to get access to the data.¹⁶

¹⁴ [Comment of the Southeast Public Interest Groups](#), Aug. 17, 2022, at p. 37.

¹⁵ [Reply Comments of the Southeast Public Interest Groups](#), Sep. 19, 2022, at p. 14.

¹⁶ [Reply Comments of the Southern Renewable Energy Association](#), Sep. 19, 2022, at p. 17.

Regional planning in the Southeast is not occurring

Southeast Public Interest Groups

In the Southeast, utilities invest exclusively in local transmission facilities and the local transmission plans arrive at SERTP fully baked and immune to change. True consideration of regional alternatives will require that the local and regional planning processes mesh at an earlier stage so that local facilities do not become entrenched before they appear in the regional plan.¹⁷

The region's systemic failure to meaningfully consider more efficient and cost-effective regional solutions causes ratepayers to bear the inefficiencies of exclusively local expansion. As currently constituted, the Southeast's regional planning processes cannot assure state regulators that utilities have considered the most efficient alternatives, but regulators may nevertheless rely on these processes because they bear the legitimacy of Commission approval.¹⁸

Respectfully submitted,

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¹⁷ [Comment of the Southeast Public Interest Groups](#), Aug. 17, 2022, at p. 54.

¹⁸ [Reply Comments of the Southeast Public Interest Groups](#), Sep. 19, 2022, at p. 11.