UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

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

INITIAL COMMENTS

OF THE RENEWABLE ENERGY BUYERS ALLIANCE

I. INTRODUCTION

The Renewable Energy Buyers Alliance ("REBA") respectfully provides these initial comments on the Advance Notice of Proposed Rulemaking ("ANOPR") issued in the above-referenced proceeding on July 15, 2021.[1] REBA applauds and welcomes the Commission's consideration of the need for reforms or revisions to improve transmission planning, cost allocation, and generator interconnection processes.

As the Commission notes in the ANOPR, Order No. 1000 was issued over a decade ago.[2] There, the Commission revised the *pro forma* Open Access Transmission Tariff ("OATT") "in order to ensure that the rates, terms and conditions of service provided by public utility transmission providers are just and reasonable and not unduly discriminatory or preferential" and "in light of changing conditions in the industry."[3] Given significant changes in the industry and

[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] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014) ("Order 1000").

[3] Order No. 1000 at P 1.

public policies, REBA agrees with the Commission that it should again consider additional significant reforms to transmission planning, cost allocation, and generator interconnection processes in order to ensure that rates for jurisdictional services remain just and reasonable and not unduly discriminatory or preferential.[4] In particular and as discussed herein, the existing processes have failed consumers, are woefully inadequate, and are not just and reasonable. Chief among these failures is the absence of the future generation mix in transmission plans, lack of interregional planning, and cost allocation that fails to take fully into account the broad array of significant benefits to consumers provided by transmission. As the Commission acknowledged in the ANOPR, the evolving resource mix is transforming the electricity sector and the need for transmission, as generation resource siting decisions are based on factors beyond where the load is located.[5] There is a sense of urgency; resolving these issues is foundational to facilitating the type of transmission investment that is essential to a reliable, affordable, decarbonized, and forward-facing transmission grid.

II. EXECUTIVE SUMMARY

REBA supports a consolidated, holistic review of these issues as contemplated in the ANOPR. Transmission planning, transmission cost allocation, and generator interconnection are interrelated and should be considered together. Effective transmission planning can and should incorporate interconnection projects where feasible to do so and could help to mitigate load and generator interconnection issues. In turn, where transmission planning is sufficiently open, transparent, non-discriminatory, and coordinated, solutions for load and generator interconnection and other methods of ensuring reliability and efficiency of the transmission grid should be

[4] ANOPR at P 3.

[5] *Id.*

identified to ensure environmental and economic efficiencies of transmission development. Additionally, with fair identification of benefits and beneficiaries, costs can more easily be allocated in a manner that is just, reasonable, and not unduly discriminatory or preferential. Furthermore, as the Commission noted in the ANOPR, cost allocation is critical to effective transmission planning to meet the needs of the changing resource mix "because efforts to plan the transmission system to meet the needs of the changing resource mix will succeed only if the associated cost allocation methods are transparent, equitable, and practicable."[6]

Moreover, as the Commission noted in the ANOPR, some transmission providers incorporate transmission planning information into their interconnection base cases, but the information varies and can greatly impact the cost assignment for interconnection customers.[7] Any *pro forma* OATT reforms proposed in a rulemaking proceeding should explicitly recognize and respect the interaction between regional and interregional transmission planning, cost allocation, and interconnection processes.

The Commission's inquiry is timely and, in some respects, overdue as many states already have in place clean energy goals and mandates, including 20 states with laws or goals for 100 percent clean energy.[8] Therefore, REBA urges the Commission to prioritize the adoption of a Final Rule to directly address the shortfalls that currently exist regarding transmission planning, cost allocation, and interconnection. The Final Rule should provide processes and timelines that facilitate an efficient transition to the future transmission grid. As discussed herein, the existing

[6] *Id.* at P 70.

[7] *Id.* at P 23.

[8] Clean Energy States Alliance, *100% Clean Energy Collaborative - Table of 100% Clean Energy States*, available at https://www.cesa.org/projects/100-clean-energy-collaborative/guide/table-of-100-clean-energy-states/.

processes will require rather significant changes to accommodate the rapid transition to a clean energy future. The "business as usual" model is woefully inadequate to address the change needed. Thus, the Commission should proceed to a Final Rule to accelerate the pace of market reform and transmission deployment to accommodate the utilization of renewable resources that are key to grid decarbonization and climate goals. Additionally, after the Commission finds that rates are unjust, unreasonable, and unduly discriminatory, REBA urges the Commission to adopt the following principles regarding transmission planning, cost allocation, load, and generator interconnection. Any reforms to transmission planning should account for (1) an improved coordination process, (2) transparency, (3) cost effective solutions, (4) resource adequacy, (5) transmission capacity adequacy, (6) a flexible and dynamic market, and (7) reliability.

REBA notes that while its comments here focus on the utilization of renewable resources in the changing resource mix, and the need for reform to facilitate the efficient dispatch of renewable resources to loads, reforms are needed to accommodate all energy resources. Technological advances are changing the energy landscape not only for renewable resources, but others as well. For example, the U.S. Energy Information Administration reported recently that "[e]lectric power markets in the United States are undergoing significant structural change that we believe, based on planning data we collect, will result in the installation of the ability of large-scale battery storage to contribute 10,000 megawatts to the grid between 2021 and 2023 – 10 times the capacity in 2019."[9] Transmission planning, cost allocation, load, and generator interconnection processes must be revamped in order to keep pace with these technological advancements in energy resources.

[9] U.S. Energy Information Administration, *Battery Storage Trends in the United States: An Update on Market Trends* (Aug. 16, 2021), available at EIA - U.S. Battery Storage Market Trends.

With respect to the need for nondiscriminatory and efficient transmission planning and investment, REBA's view is that there is significant merit to the concept of an independent entity, as suggested by the ANOPR, to serve as a monitor. An independent monitor could provide a valuable check on any proposals that, intentionally or inadvertently, are based on discriminatory or inefficient criteria or that may lead to discriminatory, unjust, or unreasonable rates. The independent monitor concept is worthy of further development by the Commission as it moves toward a Final Rule.

The arc of Commission policy over the past twenty-five years has bent sharply toward independent transmission and market operation, and the independent transmission monitor suggested by the ANOPR is consistent with and furthers this policy direction. Regional Transmission Organizations ("RTOs") and Independent System Operators ("ISOs") are founded on the policy of independence. REBA's position is that the Commission should strongly promote RTO expansion to all regions of the country. These entities bring significant benefits to consumers and, because of their independent operations and large footprints that are welcoming to variable resources, have been a magnet for renewable generation. As the Commission moves toward a Final Rule on the issues raised in this proceeding, REBA's position is that the Commission should adopt policies that strongly promote RTO creation and expansion as it simultaneously fleshes out the independent transmission monitor concept.

III. RENEWABLE ENERGY BUYERS ALLIANCE

REBA provides comments in this docket to highlight the importance of an efficient expansion of our nation's transmission infrastructure, which will play an essential role in driving decarbonization of the electricity sector. REBA is a national association for large-scale energy customers seeking to procure renewable energy across the U.S. With more than 270 members from across the commercial and industrial sectors, non-profit organizations, as well as energy

providers and service providers, REBA is working toward the creation of a resilient, zero-carbon energy system. REBA's members represent over $6 trillion in annual revenues and over 14 million U.S. employees. REBA's members are leaders in the larger corporate movement toward clean energy – two-thirds of Fortune 100 companies and roughly half of Fortune 500 companies have set ambitious renewable energy or related sustainability targets.

REBA is working to unlock the marketplace for energy customers to lead a rapid transition to a cleaner, prosperous, zero-carbon energy future. Members of REBA have been involved in 95 percent of all large-scale U.S. corporate renewable energy deals to date. In 2018, publicly announced contracted capacity from corporate power purchase agreements, green power purchases, green tariffs, and project ownership in the United States totaled approximately 6.5 gigawatts ("GW"). That amount rose to approximately 9.4 GW in 2019 and 10.6 GW in 2020. REBA's goal is to catalyze a cumulative 60 GW of new renewable energy projects by 2025 and expand the number of organizations buying clean power.

REBA recognizes that FERC's principal jurisdiction is over wholesale markets, and not over sales to end-use consumers like REBA's members. Nonetheless, the Commission, at its core has a responsibility to protect consumers, and efficient, well-functioning wholesale markets and holistic transmission planning to build out the transmission infrastructure needed to support those markets are critical for REBA's members. RTOs and ISOs are essential constructs utilized by our members who seek to procure electricity from renewable generation in a least cost manner. Furthermore, where retail choice is not available, many REBA members procure energy, environmental attributes, and capacity from generators, retire the environmental attributes, and resell the power in the wholesale market in parallel with their retail power purchases. In fact, over

80 percent of the 42 GW of new wind and solar contracted by corporate and other large customers from 2008 to present has occurred in organized wholesale markets.[10]

REBA's members have committed to take steps to ensure that the electricity needed for their operations is reliable and produced from renewable energy and other clean energy resources. To make a larger impact on combatting the climate crisis and attain net zero carbon transmission – infrastructure most be holistically planned. The transparency and holistic regional planning enabled through wholesale energy markets allows for economic and environmental efficiencies in transmission across broader geographic regions. RTOs/ISOs are essential facilitation tools that enable market participants' ability to plan and dispatch the system more efficiently and cost effectively. The organized competitive market structures found within RTOs/ISOs provide a framework that can facilitate a cleaner grid of the future for all customers. Thus, we urge the Commission to use all the tools available to it to advance the goal of RTO/ISO creation and expansion.[11]

IV. COMMENTS

REBA agrees with the Commission that it is appropriate to examine reforms to the *pro forma* OATT at this time. In Order No. 890,[12] the Commission noted that its determinations and reforms to transmission planning were necessary to remedy remaining undue discrimination and

[10] Renewable Energy Buyers Alliance, *REBA Deal Tracker*, available at https://rebuyers.org/deal-tracker/.

[11] *See* Renewable Energy Buyers Alliance, Renewable Energy Buyer Organized Wholesale Market Design Principles (2020), available at https://rebuyers.org/download/1341/.

[12] *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009) ("Order No. 890").

address deficiencies that remained after previous reforms had been implemented. The Commission noted as follows:

> Although Order No. 888 has been successful in many important respects, the need for reform of the Order No. 888 *pro forma* OATT has been apparent for some time. In 1999, the Commission held, in adopting Order No. 2000, that the *pro forma* OATT could not fully remedy undue discrimination because transmission providers retained both the incentive and the ability to discriminate against third parties, particularly in areas where the *pro forma* OATT left the transmission provider with significant discretion. The Commission made a similar finding in Order No. 2003, holding that opportunities for undue discrimination continue to exist in areas where the *pro forma* OATT leaves transmission providers with substantial discretion. The NOPR reaffirmed these findings, preliminarily concluding that opportunities for undue discrimination continue to exist in the provision of open access transmission service. The Commission therefore proposed a number of reforms to the *pro forma* OATT to address the opportunities and incentives transmission providers have to unduly discriminate.[13]

The Commission found in Order No. 890 that "opportunities for undue discrimination persist, particularly in areas where the *pro forma* OATT leaves the transmission provider with substantial discretion. The Commission has a responsibility under section 206 of the Federal Power Act ("FPA") to remedy undue discrimination. Indeed, the court concluded in *Associated Gas Distributors v. FERC*, that, like the Natural Gas Act, the FPA 'fairly bristles' with concern over undue discrimination."[14]

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[13] Order No. 890 at P 26 (citing *Regional Transmission Organizations*, Order No. 2000, 65 FR 809 (Jan. 6, 2000), FERC Stats. & Regs. ¶ 31,089 (1999), *order on reh'g*, Order No. 2000-A, 65 FR 12088 (Mar. 8, 2000), FERC Stats. & Regs. ¶ 31,092 (2000), *aff'd sub nom. Pub. Util. Dist. No. 1 of Snohomish County, Wash. v. FERC*, 272 F.3d 607 (D.C. Cir. 2001) ("Order No. 2000"); *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 FR 49845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146, at P 11-12 (2003), *order on reh'g*, Order No. 2003-A, 69 FR 15932 (Mar. 26, 2004), FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 70 FR 265 (Jan. 4, 2005), FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, 70 FR 37,661 (Jun. 30, 2005), FERC Stats. & Regs. ¶ 31,190 (2005), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, No. 04-1148, 2007 U.S. App. LEXIS 626 (D.C. Cir. Jan. 12, 2007) ("Order No. 2003")).

[14] Order No. 890 at P 40 (internal citations omitted).

The circumstances that gave rise to the Commission's reform of the *pro forma* OATT are present here and warrant further reform. In Order No. 890, the Commission determined that it needed to exercise its remedial authority in order "to limit further opportunities for undue discrimination, by minimizing areas of discretion . . ."[15] The Commission also stated that it would "actively monitor compliance with its orders and, as necessary, institute further proceedings to meet its statutory obligation to remedy undue discrimination."[16] In light of the failure of Order Nos. 890 and 1000 to achieve their intended goals, and significant and rapid changes in the industry, the time is ripe for the Commission to review all tariffs. We believe the Commission will find ample evidence in this record to find that tariffs are unjust, unreasonable, and unduly discriminatory.

Therefore, after the Commission finds that rates are unjust, unreasonable, and unduly discriminatory, REBA urges the Commission to adopt the following principles regarding transmission planning, cost allocation, load, and generator interconnection. As mentioned earlier in the executive summary, any reforms to transmission planning should account for (1) an improved coordination process, (2) transparency, (3) cost effective solutions, (4) resource adequacy, (5) transmission capacity adequacy, (6) a flexible and dynamic market, and (7) reliability. At the outset, REBA also notes that environmental justice[17] should be considered as

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[15] *Id.*

[16] *Id.* at P 42.

[17] *See, e.g.*, General Motors Green, *Northwest Ohio Wind Farm to power General Motors' Ohio, Indiana plants: 100 MW wind farm will create approximately 300 jobs in Paulding County* (Apr. 30, 2018), available at https://www.generalmotors.green/product/public/us/en/GMGreen/press_releases.detail.html/content/Pages/news/us/en/gm_green/2018/0430-wind-farm.html; General Motors Green, *General Motors unveils new 42 turbine, 100 MW wind farm* (Aug. 14, 2018), available at https://www.wfaa.com/amp/article/news/general-motors-unveils-new-42-turbine-100-mw-wind-farm/512-47769bc9-4f02-4c53-bbfc-56bb68b57633; The Crescent News, *Wind farm unveiled in Paulding County* (May 1, 2018), available at https://www.crescent-news.com/news/local_news/wind-farm-unveiled-in-paulding-county/article_4e141d5a-71ca-5d29-b128-115da9c872bf.html.

part of the reforms in this proceeding. The Commission's recent appointment of a Senior Counsel for Environmental Justice and Equity should be instrumental in this regard. REBA urges the Commission to develop quantifiable goals for "fair treatment and meaningful involvement of all people"[18] including ensuring that disadvantaged communities do not bear a disproportionate burden of any adverse environmental consequences resulting from these new policies and processes.

REBA further recognizes that while the Commission can require reforms within the scope of its jurisdiction, additional authority may be necessary for the Commission to facilitate needed transmission investment. To that end, REBA encourages the use of federal "backstop siting/permitting authority" as provided by FPA section 216[19], or as may be further granted by Congress. REBA supports the use of such authority while respecting state authority. REBA also encourages the Commission to use the full breadth of its authority to promote and incentivize RTO formation and participation. Organized wholesale markets help to unlock significant efficiencies and operational benefits, from improved resource capacity factors, reduced reserve margins, and the ability to dispatch across a broader footprint. Additionally, organized wholesale markets enable generation competition and greater clean energy integration, which translates to more options to meet customer's preference for clean energy. Roughly 80 percent of bilateral corporate power purchase agreements to date have occurred in organized wholesale markets.

V. PRINCIPLES FOR THE COMMISSION'S CONSIDERATION TO USE AS A FRAMEWORK TO ADDRESS IN TRANSMISSION PLANNING AND GENERATOR INTERCONNECTION

[18] U.S. Department of Energy, *What is Environmental Justice?,* available at https://www.energy.gov/lm/services/environmental-justice/what-environmental-justice.

[19] 16 U.S.C. § 824p.

The reforms contemplated in the ANOPR should result in a landmark Final Rule that reflects changes in the electric industry and ensures that environmental and economic efficiencies are enabled across regional footprints through effective transmission planning, cost allocation, load, and generator interconnection processes. Absent such accommodation, the rates, terms, and conditions of services under the *pro forma* OATT, including transmission and interconnection, are unjust, unreasonable, and unduly discriminatory, because the transmission system will be unreasonably costly and new entry will be discriminated against relative to incumbent generation. This is of great concern to REBA, because these new resources tend to be the renewable resources to which our members want access. REBA submits that failure to update the *pro forma* OATT will result in unjust and unreasonable rates for energy, capacity, and ancillary services in FERC-jurisdictional markets, because renewables and other resources will not have fair and equal access to these markets and loads. The breadth of issues and significance of these reforms will require the Commission to consider diverse interests and goals. REBA recommends that the Commission adopt the following delineated principles in any Final Rule on the issues raised in the ANOPR.

A. Principle 1: Coordination

In Order No. 890, the Commission adopted the principle of coordination in transmission planning in order to "eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders."[20] In the years since Order No. 890 was adopted, concerns have been raised over the lack of regional coordination in transmission planning, and even greater failures regarding interregional coordination. The Commission's goal to remedy inadequate interregional coordination has been woefully missed,

[20] Order No. 890 at P 452.

with repeated complaints and calls for the Commission to take action to address the lack of coordination in interregional transmission planning.[21]

While the Commission adopted the coordination principle in Order No. 890, it left considerable flexibility and discretion regarding compliance, considering several commenters expressed an "overwhelming desire"[22] for such flexibility. However, with discretion there is the opportunity for discrimination. Like the Commission, REBA is more concerned over the substance of coordination than the form.[23]

The Commission should adopt coordination requirements for regional and interregional transmission planning, as follows:

1. *Interregional coordination planning*: REBA recognizes that there are agreements between RTOs and ISOs to facilitate their interconnected nature and operations, such as Joint Operating Agreements, as well as seams agreements between transmission providers. REBA recommends the development of a more formalized process for interregional transmission planning regarding jurisdictional utilities outside of organized markets and within RTO/ISO footprints, to support the build out of interregional transmission.[24]
2. *Coordination with state and local authorities:* The Commission should require each RTO and ISO to develop a formal process to provide for transmission planning coordination with state and local agencies that have authority over or input into generation, distribution, and/or transmission siting and other related issues, including clean energy programs.

[21] *See, e.g., N. Ind. Pub. Serv. Co. v. Midcontinent Indep. Sys. Operator, Inc. and PJM Interconnection, L.L.C.*, 155 FERC ¶ 61,058 (2016) (order on NIPSCO complaint requesting that the Commission order MISO and PJM to reform the interregional transmission planning process of the Joint Operating Agreement between MISO and PJM).

[22] Order No. 890 at P 451.

[23] *Id.* at P 452.

[24] REBA acknowledges that with interregional transmission planning, the Commission may be called upon to determine just and reasonable cost allocation for projects that result from the interregional planning efforts.

REBA acknowledges that the Commission has existing efforts that respect state interests in transmission planning; however, the dearth of new transmission to serve public policy needs should be remedied with more definitive requirements for transmission providers to coordinate with states. REBA commends the Commission's formation of the joint federal-state task force with the National Association of Regulatory Utility Commissioners ("NARUC"),[25] which should be helpful in this regard.

B. Principle 2: Transparency

In the years since Order No. 890, the Commission has acted in specific proceedings in order to remedy the lack of transparency in regional transmission planning.[26] For example, in proceedings regarding transmission planning in PJM, the Commission instituted a proceeding concerning the justness and reasonable of the PJM Transmission Owners' compliance with the Order No. 890 requirements for open and transparent transmission planning.[27] Similar to the discussion above with respect to coordination in regional transmission planning, the Commission should improve the requirements for transparency in transmission planning. While REBA does not recommend that FERC mandate a "one-size-fits-all" approach, REBA does recommend that the Commission require minimum standards regarding transparency to ensure uniformity in transmission planning and generator interconnection. While each region may differ in some

[25] *See* FERC Docket No. AD21-15-000.

[26] *See, e.g.*, *Monongahela Power Co., et al.*, 156 FERC ¶ 61,134 (2016), where the Commission issued an Order to Show Cause because it appeared the Transmission Owners in the PJM region were not complying with their Order No. 890 transmission planning obligations, including openness and transparency.

[27] *Id.*, *reh'g denied*, 157 FERC ¶ 61,178 (2016). Subsequently, on October 25, 2016, the PJM Transmission Owners submitted a response to the Order to Show Cause and, jointly with PJM, made a separate filing under FPA section 205 proposing to add Attachment M-3 to the PJM Tariff and corresponding revisions to the PJM Operating Agreement to provide further detail regarding the transmission planning process for Supplemental Projects. Ultimately, the Commission found that the PJM Transmission Owners were implementing the PJM Operating Agreement in a manner that was inconsistent with the requirements of Order No. 890 and required revisions to both the PJM Operating Agreement and Attachment M-3 to the PJM Tariff. *Monongahela Power Co., et al.*, 162 FERC ¶ 61,129, *order on reh'g and compliance*, 164 FERC ¶ 61,217 (2018).

respects, the types of renewable technologies are not isolated to specific sectors, nor are the entities who will develop and make use of renewable technologies, such as REBA member organizations. Transparency in transmission planning and generator interconnection enables robust engagement resulting in informed and effective results.

Transparency in Transmission Planning:

The minimum transparency criteria should include data and processes for stakeholder engagement. For example, the Commission should require the following, at a minimum:[28]

A meeting schedule that allows separate meetings to discuss:

1. The inputs to the transmission planning process (models, criteria, and assumptions),
2. The needs that are identified in the process,
3. Potential solutions to those needs, and
4. A minimum number of days between each meeting, with timeframes for information to be posted in advance of each meeting.

Transparency in Generator Interconnection:

The Commission can help ensure interconnection processes achieve better outcomes by adopting requirements that make the status of interconnection studies more transparent, subjecting Transmission Owners to performance monitoring with respect to required interconnection-related construction and improving the performance requirements applicable to projects that must undergo

[28] These recommendations were developed by the Commission to remedy transmission planning for Supplemental Projects in PJM. *Mongahela Power Co., et al.*, 162 FERC ¶ 61,129, at PP 111-13 (2018).

affected systems studies or seams analysis. Additional transparency will allow Interconnection Customers, as well as the ISO/RTOs and regulators, to have actionable data on delays.

Although Order 845 requires ISOs/RTOs to report interconnection performance metrics, such data is often indicative only and not actionable. In PJM, for example, it has been impossible to determine if the source of Facilities Study delays have been sub-optimal RTO performance or sub-optimal performance by the Transmission Owner, or both. The Facilities Study, being the final step in PJM's interconnection process, is a stage where the responsibility to produce the deliverable is shared by the RTO and a Transmission Owner. At this stage, the Transmission Owner would first complete the detailed analysis supporting the design of the connection facilities at the specified location. Once complete, the Transmission Owner would then send the connection facilities materials to PJM to run final systems analysis and determine if the project is needed to incorporate into their systemic retool analysis. Currently it is impossible to distinguish when the Transmission Owner's work is complete. This opaqueness makes it impossible to discern whether TOs have completed their responsibilities nor the reasons they are unable to do so. REBA recommends that the Commission maintain a regional list of transmission engineering contractors that will automatically be asked to bid on Network Upgrade projects if incumbent Transmission Owners encounter construction delays that extend beyond tariff-delineated deadlines.

The Commission should also consider the extent to which inconsistency in transmission line ratings are creating barriers to open, transparent, and coordinated transmission planning, particularly with respect to renewable resource integration and the interconnection of loads that can utilize those resources. Projects and loads can be held hostage in queues that take years to navigate.

In Order No. 890, the Commission remedied the lack of consistency in calculating available transmission capacity ("ATC") as well as the lack of transparency about the nature of those calculations. The Commission found that "the lack of a consistent and transparent methodology for calculating ATC gives transmission providers the ability and opportunity to unduly discriminate in the provision of open access transmission service."[29] Similarly, the lack of consistency and transparency in transmission line ratings can be used to discriminate against competitors, or at the very least hinders the ability of renewable resources and loads to integrate into and use the transmission grid. The Commission's pending NOPR in Docket No. RM20-16-000, proposing accuracy and transparency in transmission line ratings, should prove helpful in this regard.

The Commission should require that schedules for "Affected System" studies be synchronized across ISOs/RTOs as well as neighboring Transmission Owners. While MISO and SPP perform joint interconnection studies, this collaboration appears to be the exception and not the norm. When a generator interconnection is to be located near RTO/ISO seam, an Affected System study is triggered to determine the impact on neighboring transmission systems. Any ISO/RTO that has not already put in place coordinated schedules with its neighbors to issue affected system studies should be required by FERC to do so in a binding agreement on file with the Commission. Such a schedule should be consistent with study timelines performed within the region and require that all parties meet their schedule commitments.

C. Principle 3: Cost Effective Solutions

To ensure just and reasonable rates, transmission planning must capture the economies of scale and scope that exist in transmission systems. Presently, transmission is planned project by

[29] Order No. 890 at P 68.

project, in response to customer requests. Today's incremental and reactive approach leads to excessively costly outcomes, as described in a recent Brattle-Grid Strategies report.[30] As described in that report, planning that achieves just and reasonable outcomes would need to:

1. Proactively plan for future generation and load by incorporating realistic projections of the anticipated generation mix, public policy mandates, load levels, and load profiles over the lifespan of the transmission investment.

2. Account for the full range of transmission projects' benefits and use multi-value planning to comprehensively identify investments that cost-effectively address all categories of needs and benefits.

3. Address uncertainties and high-stress grid conditions explicitly through scenario-based planning that considers a broad range of plausible long-term futures as well as real-world system conditions, including challenging and extreme events.

4. Use comprehensive transmission network portfolios to address system needs and cost allocation more efficiently and less contentiously than a project-by-project approach.

5. Jointly plan across neighboring interregional systems to recognize regional interdependence, increase system resilience, and take full advantage of interregional scale economics and geographic diversification benefits.

REBA supports Commission review and reform of cost allocation, as discussed later in these comments. In Order No. 1000, the Commission required public utility transmission providers to participate in a regional transmission planning process that produces a regional transmission plan. The Commission noted that the regional transmission planning process would require transmission providers "to evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning more efficiently or cost-

[30] Brattle Group and Grid Strategies, *Transmission Planning for the 21st Century: Proven Practices that Increase Value and Reduce Costs* (2021), available at https://www.brattle.com/wp-content/uploads/2021/10/Transmission-Planning-for-the-21st-Century-Proven-Practices-that-Increase-Value-and-Reduce-Costs.pdf.

effectively than solutions identified by individual public utility providers in their local transmission planning process."[31] The Commission further stated as follows:

> When evaluating the merits of such alternative transmission solutions, public utility transmission providers in the transmission planning region also must consider proposed non-transmission alternatives on a comparable basis. If the public utility transmission providers in the transmission planning region, in consultation with stakeholders, determine that an alternative transmission solution is more efficient or cost-effective than transmission facilities in one or more local transmission plans, then the transmission facilities associated with that more efficient or cost-effective transmission solution can be selected in the regional transmission plan for purposes of cost allocation.[32]

The Commission allowed public utility transmission providers flexibility to develop procedures for identifying and evaluating potential solutions that might meet the region's needs more efficiently or cost-effectively.[33] However, in Order No. 1000 the Commission determined that the regional transmission planning process "must result in a regional transmission plan that reflects the determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's transmission needs."[34]

REBA further recommends that in any Final Rule that addresses the transmission planning, cost allocation, load, and generator interconnection issues raised in the ANOPR, the Commission adopt this principle of cost-effectiveness. As the Commission noted in the ANOPR, "because transmission planning processes generally do not plan for the needs of anticipated future generation, transmission infrastructure that is being developed in order to facilitate new generation is constructed largely through the generator interconnection process, which is unlikely to result in

[31] Order No. 1000 at P 148.

[32] *Id.*

[33] *New York Indep. Sys. Operator, Inc.*, 148 FERC ¶ 61,044, at P 39 (2014) (citing Order No. 1000 at P 149).

[34] *Id.* (citing Order No. 1000 at P 147).

the economies of scale that could more efficiently or cost-effectively meet the needs of the changing resource mix."[35]

The Commission should require public utilities to comply with the Final Rule with provisions that require consideration of alternatives for identified transmission needs as well as generator interconnection to arrive at the most cost-effective solution, as well as the process and criteria to be used in making those determinations. Cost-effective solutions for generator interconnection and transmission planning will be key to a transmission system that meets the needs of the changing resource mix.

REBA notes that the coordinated regional planning undertaken by RTOs and ISOs can offer significant benefits. The coordinated, regional, and sub-regional planning function found within an RTO/ISO enables transmission planning that identifies economies of scale and provides efficient planning over a broader geographic region, incorporating factors such as the generator interconnection queue and state renewable portfolio standards. Commission action is needed to ensure that planning methodologies are employed that achieve an efficient and reliable network.

D. Principle 4: Transmission Adequacy

REBA's members house important infrastructure and services, critical for society, and require an extremely reliable and resilient system that efficiently dispatches clean energy to loads. They also provide services that can make the system more reliable and efficient, such as demand response and storage at their facilities. It is important that transmission planning processes consider all resources and loads and new and more frequent reliability threats to the system, in creating transmission planning and interconnection processes fit for today's grid and the energy transition, protecting resiliency, while ensuring streamlined processes and economic and

[35] ANOPR at P 34.

environmental efficiencies for transmission. In the ANOPR, the Commission stated that "[a]t present, it appears that regional transmission planning processes may not adequately model future scenarios to ensure that those scenarios incorporate sufficiently long-term and comprehensive forecasts of future transmission needs, including considering the needs of anticipated future generation in identifying needed transmission facilities."[36] REBA fully agrees.

The current regional transmission planning processes are woefully inadequate to efficiently accommodate changes in the industry and resource mix and, more particularly, do not optimize the utilization clean energy by loads. As the Commission observed in the ANOPR, the existing processes do not adequately consider anticipated future generation because, among other things, (1) the baseline reliability models utilized in regional transmission planning processes rely only on generators that have completed facilities studies and, therefore, only account for generation that will come online in the short term;[37] (2) the generator interconnection process focuses only on a single interconnection request or cluster of requests and, therefore, does not address "anything beyond the reliability interconnection-related network upgrades required for a specific interconnection request or group of interconnection requests";[38] (3) new transmission facilities may not currently be planned and built in advance to meet anticipated future generation and, therefore, interconnection customers are assigned the costs of these large, high-voltage transmission facilities;[39] and (4) the existing generator interconnection process does not result in

[36] *Id.* at P 31.

[37] *Id.*

[38] *Id.* at P 32.

[39] *Id.* at P 33.

the economies of scale that might more cost-effectively or efficiently meet the needs of the changing resource mix.[40]

Transmission planning should be reviewed and revamped to anticipate changes in the resource mix as well as changes in loads. Significantly, existing transmission planning should be reformed to plan for efficient utilization of renewable resources, on both a short-term and a long-term horizon. As an example, there are studies demonstrating that California will need to triple the capacity of the electric grid to meet the state's policy goals.[41] Furthermore, a Wood MacKenzie report forecasts that Fortune 1000 companies will have up to 85 GW of new demand for renewable energy to meet their public sustainability commitments for 2030, demand which has not been explicitly accounted for in regional transmission and interconnection planning.[42] Also, the U.S. Energy Information Administration ("EIA") recently reported that "[e]lectric power markets in the United States are undergoing significant structural change that we believe, based on planning data we collect, will result in the installation of the ability of large-scale battery storage to contribute 10,000 megawatts to the grid between 2021 and 2023 – 10 times the capacity in 2019."[43] These significant advancements will fundamentally change power flows and transmission grid dynamics in some parts of the country and transmission planning should change in order to accommodate them.

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[40] *See* REBA's proposed principle, Cost Effectiveness, above.

[41] *See* Office of Governor Gavin Newsom, *California's Electricity System of the Future* (July 30, 2021), at 10, available at https://www.gov.ca.gov/wp-content/uploads/2021/07/Electricity-System-of-the-Future-7.30.21.pdf.

[42] Wood MacKenzie, *Energy transition: Corporates usher in new wave of US wind and solar growth* (Aug. 20, 2019), available at https://www.woodmac.com/our-expertise/focus/Power--Renewables/corporates-usher-in-new-wave-of-u.s.-wind-and-solar-growth/.

[43] U.S. Energy Information Administration, *Battery Storage Trends in the United States: An Update on Market Trends* (Aug. 16, 2021), available at EIA - U.S. Battery Storage Market Trends.

In addition to changes in the resource mix, transmission planning should be reformed to consider load growth, including commercial and industrial load, as well as electric vehicles. The electrification of the transportation sector will require much greater electric-grid capacity and the Commission's reforms here should take these changes into account.

Another circumstance that must be included in transmission planning reform is specific reliability and/or scarcity measures or events, including those resulting from climate change. As discussed during the September 23, 2021 Commission Open Meeting, the severe cold weather conditions experienced during February 2021 in the ERCOT, SPP, and MISO regions resulted from several factors, including transmission emergencies in MISO and SPP as a result of generation shortfalls.[44] In testimony before the U.S. Senate Committee on Environment and Public Works, Frank Rusco, Director, Natural Resources and Environment with the U.S. Government Accountability Office ("GAO") recently testified as follows:

> Climate change is expected to have far-reaching effects on the electricity grid that could cost billions and could affect every aspect of the grid from generation, transmission, and distribution to demand for electricity, according to several reports GAO reviewed. The type and extent of these effects on the grid will vary by geographic location and other factors. For example, reports GAO reviewed stated that more frequent droughts and changing rainfall patterns may adversely affect hydroelectricity generation in Alaska and the Northwest and Southwest regions of the United States. Further, transmission capacity may be reduced, or distribution lines damaged during increasing wildfire activity in some regions due to warmer temperatures and drier conditions. Moreover, climate change effects on the grid could cost utilities and customers billions, including the costs of power outages and infrastructure damage.[45]

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[44] *See* FERC, NERC and Regional Entity Joint Staff Inquiry, *February 2021 Cold Weather Grid Operations: Preliminary Findings and Recommendations* (Sept. 23, 2021), at slide 7, available at February 2021 Cold Weather Grid Operations: Preliminary Findings and Recommendations | Federal Energy Regulatory Commission (ferc.gov).

[45] U.S. Government Accountability Office, *Electric Grid Resilience: Climate Change is Expected to Have Far-Reaching Effects and DOE and FERC Should Take Actions* (Mar. 10, 2021), available at Electricity Grid Resilience: Climate Change Is Expected to Have Far-reaching Effects and DOE and FERC Should Take Actions | U.S. GAO.

According to the GAO, "[r]egarding FERC, it has not taken steps to identify or assess climate change risks to the grid and, therefore, is not well positioned to determine the actions needed to enhance resilience."[46] With the expected increase in severe weather events driven by climate change, the Commission should require transmission planning to maintain reliability and provide resilience for the transmission grid in the wake of such climate change-related natural disasters.

REBA recommends that the Commission require that transmission planning consider these impactful and important changes in loads, resources, and needs of the system.

E. Principle 5: Flexible and Dynamic Market

Over the past several years, the Commission has undertaken various initiatives to ensure that different types of resources can participate in jurisdictional markets based on their capability to perform. Many of these initiatives are applicable to the RTOs and ISOs. These initiatives will assist in leveling the playing field for renewable resources, demand response, distributed energy resources, storage, and hybrid resources, all to the benefit of consumers.[47] The RTO/ISO tariffs that are updated to accommodate such resources include provisions that facilitate market entry, a level playing field, and competition among all resources.

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[46] *Id.*

[47] *See, e.g.*, *Hybrid Resources*, Order Directing Reports, 174 FERC ¶ 61,034 (2021); *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 2222, 85 FR 67094 (Oct. 21, 2020), 172 FERC ¶ 61,247 (2020), *corrected*, 85 FR 68450 (Oct. 29, 2020), *order on reh'g*, Order No. 2222–A, 174 FERC ¶ 61,197, *order on reh'g*, Order No. 2222-B, 175 FERC ¶ 61,227 (2021); *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 841, 162 FERC ¶ 61,127 (2018), *order on reh'g*, Order No. 841–A, 167 FERC ¶ 61,154 (2019), *aff'd sub nom. Nat'l Ass'n of Regulatory Util. Comm'rs v. FERC*, 964 F.3d 1177 (D.C. Cir. 2020); *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, 134 FERC ¶ 61,187, *order on reh'g and clarification*, Order No. 745–A, 137 FERC ¶ 61,215 (2011), *reh'g denied*, Order No. 745–B, 138 FERC ¶ 61,148 (2012), *vacated sub nom. Elec. Power Supply Ass'n v. FERC*, 753 F.3d 216 (D.C. Cir. 2014), *rev'd & remanded sub nom. FERC v. Elec. Power Supply Ass'n*, 136 S. Ct. 760 (2016).

REBA encourages the Commission to continue leveling the playing field in this respect and to consider expanding these improvements and provisions beyond RTO/ISO regions as it promotes organized market expansion and greater participation in RTOs and ISOs. The reforms undertaken in the ANOPR should facilitate development of well-structured markets that will allow diverse resources and different market participants to participate, to the extent those resources are able to meet the technical or other objective, performance-based criteria for such participation. The Commission should also expand the requirements for transmission planning for public policy projects, to facilitate markets with sufficient flexibility to support resilience and economic and environmental efficiencies.

Finally, as discussed above, the reforms in regional transmission planning should also be implemented for interregional transmission planning. Effective interregional transmission planning should facilitate not only decarbonization but should also be expected to lower overall costs to consumers and provide for increased reliability, as a greater number of resources are available and can be deployed to more geographically broad areas.

F. Principle 6: Reliability

Paramount in the Commission's efforts at reforms in transmission planning, cost allocation, and generator interconnection is maintaining reliability. While many of the principles discussed above should improve transmission planning for reliability, REBA supports a specific principle given the critical need for a reliable electric grid. Transmission's role within a reliable electric grid is a foundational piece for integration of renewable resources and a step towards achievement of state and federal policy goals. As discussed above, REBA recommends that the Commission revisit and consider reforms in transmission planning to ensure reliability in the wake of not only technological advancements, but also the increased occurrence of extreme weather events.

As the American Council on Renewable Energy reported in its July 2021 report, each additional GW of transmission ties between ERCOT and the Southeastern U.S. could have saved nearly $1 billion, while keeping the heat on for thousands of Texans.[48] For the "bomb cyclone" cold snap in the Northeast in December 2017-January 2018, each region could have saved $30-$40 million for each GW of stronger transmission ties among themselves or to other regions. Transmission planning should consider and plan for such contingencies, in a cost-effective manner. Furthermore, as part of interregional transmission planning, the Commission should consider how regions might rely upon each other, through connected operations and facilities, to provide backstop reliability.

VI. RESPONSE TO CERTAIN QUESTIONS POSED IN THE ANOPR

REBA offers below its preliminary responses to certain of the questions posed in the ANOPR. REBA's responses are informed by its recommendation that the Commission adopt principles for reforms in this proceeding as set forth in Section V, above. REBA also expects that its position on these and other questions posed in the ANOPR will evolve as the Commission develops the factual record in this proceeding, including technical conferences.

A. Whether the existing regional transmission planning and cost allocation processes appropriately considers the transmission needs of anticipated future generation to drive study assumptions, or instead relies on less comprehensive information, such as existing interconnection requests with completed facilities studies, and whether such current planning criteria are appropriate or should be revised.

REBA's view is that existing regional transmission planning and cost allocation processes do not adequately consider anticipated future generation. As discussed above, the Commission

[48] American Council of Renewable Energy, *Transmission Makes the Power System Resilient to Extreme Weather* (July 2021), at 3, available at https://acore.org/wp-content/uploads/2021/07/GS_Resilient-Transmission_proof.pdf.

has recognized that current transmission planning is deficient in this regard. Therefore, consistent with principles recommended above, the Commission must reform transmission planning to require longer-term transmission planning that considers broad and holistic changes in the power sector and use of the electric transmission grid, on a longer-term horizon.

For example, the Commission could revise the requirements for regional and interregional transmission planning to require, on a 15- or 20-year planning horizon, transmission needs based on reliability, economic and/or public policy concerns, that will take into account (1) integration of renewable and other resources (beyond resources that have advanced to the facilities study in the interconnection queue); (2) changes in loads such as industrial and commercial uses with the increased deployment of electric vehicles; and (3) reliability/resilience in the wake of increased severe weather events due to climate change. The transmission planning reform should also require consideration of alternatives to achieve the most cost-effective and efficient solution. With respect to transmission planning for public policy goals, the Commission should make explicit the requirement for transmission planning and coordination with states to plan for and accommodate state public policy goals, including the clean energy transition.

REBA believes that RTOs and ISOs, as the central regional planner, are best suited to achieve the needed reforms on a regional and interregional basis. Therefore, in addition to the reforms posed in the ANOPR, REBA reiterates its call for the Commission to exercise its authority to promote participation in RTOs and ISOs, in a cost-effective manner.

The reforms in transmission planning will require reforms in cost allocation. REBA supports revisions to the beneficiary pays and/or participant funding models as warranted to identify beneficiaries more fairly and broadly. REBA supports effective transmission planning and a review of cost allocation that will ensure just and reasonable cost allocation. Such reasonable

cost allocation will hopefully mitigate concerns that might hamper the efficient siting and development of renewable resources.

B. Whether the regional transmission planning and cost allocation processes' consideration of transmission needs driven by reliability, economic considerations, and Public Policy Requirements are inappropriately siloed from one another, and, if so, whether this influences the consideration of potential benefits of a regional transmission facility (and the associated beneficiaries for purposes of allocating the costs of such a facility).

REBA believes that the bases for transmission needs are inappropriately siloed from each other because a facility that is identified to solve one need, such as reliability, could produce benefits that address another need, such as public policy. REBA believes that there is value in maintaining the separate bases for which transmission planning will be required, to ensure that reliability, economics, and public policy are each addressed. However, there should also be a holistic aspect to transmission planning and cost allocation whereby after a need is determined, consideration is given regarding (1) whether there is a potential solution that might more cost-effectively or efficiently resolve more than one need; (2) whether the identified solution addresses any other need; and (3) identification of all beneficiaries of the solution, for just and reasonable cost allocation, consistent with any legal limitations on expanded cost allocation.

C. Whether or not it is appropriate for the costs of state or local public policy-driven transmission facilities to be shifted through regional cost allocation to consumers in non-participating states, or whether changes to current interconnection cost allocation mechanisms may unjustly and unreasonably shift costs to customers of load serving entities.

REBA generally supports allocation of costs to those who will receive benefits. However, REBA also recognizes that in some instances, the Commission might determine that it is not fair for customers in one jurisdiction to be held to fund the cost of state or local public policy-driven transmission facilities that are decided by another state or locality. The Commission has in the

past favored rolled-in pricing for transmission on the basis that all customers benefit from integrated transmission facilities and has departed from that policy in only limited circumstances.[49] If the Commission is to permit cost allocation to customers in another locality or state, it will need to determine not only the legal basis for permitting such cost allocation, but also whether there should be some ability for the non-participating states' consumers to challenge the cost allocation without the burden of either a FPA section 206 complaint or prudence challenge.

REBA recognizes that the benefits of transmission are distributed broadly, across wide areas and over time. The Commission has approved, and the courts have affirmed, numerous instances of broad cost allocation. As Judge Posner of the 7th Circuit Court of Appeals has stated, "It's not enough . . . to point out that MISO's and FERC's attempt to match the costs and the benefits of the MVP program is crude; if crude is all that is possible, it will have to suffice."[50] The key is to fairly and accurately assess the benefits and costs based on the range of benefits over time, choose an efficient plan, and assign the costs in a roughly commensurate way to the beneficiaries.[51]

D. Whether and how to better coordinate between regional and local transmission planning processes to identify more efficient or cost-effective solutions?

[49] *See, e.g.*, *Old Dominion Elec. Coop. & N. Carolina Elec. Membership Corp.*, 146 FERC ¶ 61,200, at PP 49-50, 52 (2014) ("The Commission's policy is that the costs of transmission projects integrated with the transmission system that provide system-wide benefits should be rolled-in, and thus allocated to those parties that benefit . . . However, the Complainants assert that the actions of the Virginia legislature and VSCC in implementing pilot projects resulted in VEPCO incurring significant incremental costs to underground the transmission lines to address local concerns, primarily related to local aesthetics, and these costs were not necessary to ensure reliability. Based on the facts of this case, we find that that wholesale transmission customers outside of the Commonwealth of Virginia should not be responsible for costs that are a direct result of legislation and VSCC pilot projects intended to benefit citizens of the Commonwealth of Virginia . . . We emphasize that our finding here represents a limited exception to our general policy that utilities do not directly assign individual cost items that are included in projects that have system-wide benefits. However, for the reasons discussed above, we find that this approach is warranted by the facts of this case.").

[50] *Ill. Commerce Comm'n v. FERC*, 721 F.3d 764, 775 (7th Cir. 2013).

[51] *Ill. Commerce Comm'n v. FERC*, 576 F.3d 470, 476-77 (7th Cir. 2009).

The Commission should work toward regional transmission planning as the core transmission planning function in a region, with local transmission planning limited and still subject to being considered in the regional plan. The central, regional planning function envisioned in Order Nos. 890 and 1000 has been thwarted by individual transmission owners engaging in local planning, to different extents in the various regions. For example, in PJM, the Commission issued a Show Cause order to remedy certain transmission owners planning for Supplemental Projects in a manner that did not comply with the requirements for open, coordinated, and transparent transmission planning.[52]

In both PJM and the CAISO regions, there have been disputes raised with the Commission over whether the RTO/ISO or instead individual transmission owners should be responsible for planning for transmission facilities at the end of their useful lives. The ability of transmission owners to engage in siloed transmission planning under the guise of "local" planning creates a disjointed transmission planning regime where efficient and/or cost-effective solutions cannot be considered, contrary to the Commission's intent. REBA strongly encourages the Commission to discourage such local planning and instead encourage regional transmission planning as the predominant process.

E. Whether it is necessary, and how, to identify the lines of regulatory authority and oversight more clearly between states and federal authorities with regard to regional and local transmission facilities to ensure appropriate vetting of transmission infrastructure?

In recent years as the Commission has worked to incorporate new technologies and resource options into wholesale markets, the "cooperative federalism" between FERC and the states has been tested. REBA supports a clear delineation of the Commission's authority versus

[52] *See* notes 29-30, *supra*.

the states so that, at the very least, duplicative exercises of regulatory authority will be prevented from hampering development and participation in wholesale markets by renewable resources. In furtherance of cooperative federalism, REBA reiterates its recommendation that the Commission adopt as a transmission planning principle, coordination, that will include coordination with state and local entities that have an impact or role in generation, distribution, or transmission matters that may affect matters reserved to the Commission's jurisdiction. The Commission's joint federal-state task force with NARUC on electric transmission matters should be helpful in this regard.

F. Whether the Commission could revise transmission planning criteria that transmission providers use in the generator interconnection process so that they could better identify more efficient or cost-effective interconnection-related network upgrades. And whether and how transmission providers could incorporate anticipated future generation, including resources in the interconnection queue, in the regional transmission planning and cost allocation processes.

The ANOPR seeks input on whether a fast-track interconnection process should be developed to allow projects with signed offtake agreements, or other similar financial commitments, to be given priority. REBA supports requiring RTOs, ISOs, and Transmission Owners to adopt such a fast-track process as a way of prioritizing generating projects most likely to achieve commercial operation and least likely to withdraw from the interconnection queue. There is nothing unduly preferential about expediting the interconnection of generation projects that have a binding, executed power purchase agreement or that otherwise receive a binding commitment of project financing, because such projects are not similarly situated to those being developed on speculation.

The Commission has approved CAISO tariff provisions that prioritize generator projects that have secured such binding commitments. Given the increased volume of renewable projects seeking interconnection across the country, and the inefficiencies, disruptions, reliability issues,

and climate effects that can result from queue withdrawals, it is unjust, unreasonable, and unduly discriminatory to disregard the advantages of financially assured projects.

G. Whether the current approach to oversight of transmission investment adequately protects customers, particularly given the potentially significant and very costly investments proposed to meet the transmission needs driven by a changing resource mix, and, if customers are not adequately protected from excessive costs, which potential reforms may be required and are legally permissible to ensure just and reasonable rates.

The current approach to oversight of transmission investment is insufficient to protect customers from unjust and unreasonable rates, as it results in unreasonable costs, lacks the transparency and clear process necessary for informed and meaningful engagement and review of the transmission rate making process. As discussed above and in the ANOPR, transmission planning even in RTO/ISO regions is still being done in part by individual transmission owners outside of the centralized regional transmission planning process. In some regions, such as SPP, even where the tariff provides for local planning to be part of the RTO transmission planning process, the transmission owners retain full discretion over the local planning criteria. As a result, customers, or other interested parties such as renewable developers seeking access to the transmission grid or merchant transmission developers have limited opportunity to know the criteria, data, and assumptions underlying transmission planning, let alone a meaningful opportunity to comment on those needs or the proposed solutions. The Commission has within its jurisdiction the rate recovery mechanisms for transmission facilities.

REBA recommends that the Commission tie rate recovery to a demonstration that transmission projects were developed through an open, transparent, and coordinated process, with the public utility bearing the burden to make such demonstration. To ease the burden of review for transmission formula rates, the Commission could develop certain standing information that

must be provided at the time a public utility posts its populated formula rate for rate recovery. Such information could include relevant information regarding transmission projects included in the formula rate annual transmission revenue requirement over a certain cost threshold (*e.g.*, $1 million), as well as information regarding the process used to develop the project (*e.g.*, state/local process, or local/sub-regional/regional process).

For any projects that did not proceed through a Commission-approved planning process, the public utility could be required to provide an explanation why the project did not meet the requirements and demonstrate that the project is a cost-effective solution to an identified need, as well as the prudency of costs expended or to be expended for the project. Similar requirements could be adopted for incentive rate recovery. Additionally, as discussed below, REBA supports consideration of an independent transmission investment monitoring function.

G. We seek comment on what factors shaping the generation mix are appropriate to use for transmission planning purposes, such as, for example: (1) Federal, state, and local climate and clean energy laws and regulations; (2) federal, state, and local climate and clean energy goals that have not been enshrined into law; (3) utility and corporate energy and climate goals; (4) trends in technology costs within and outside of the electricity supply industry, including shifts toward electrification of buildings and transportation; and (5) resource retirements.

REBA recommends that the Commission evaluate all the factors listed above in order to have an effective transmission planning process. The piecemeal approach we have utilized to address transmission has not and will not work for the robust transmission needed to procure the vast number of renewables needed to green the grid for all and provide the reliability needed to confront the extreme weather situations every region of the United States has and will continue to face. The Commission should require public utilities to specify in their OATT how each factor will be considered and the process for doing so.

H. Regarding each factor that may be considered for inclusion in scenario modeling, we seek comment on the source of the Commission's authority to incorporate that factor in the regional transmission planning and cost allocation processes. In addition, we seek comment on whether the Commission should establish minimum requirements regarding future scenarios for transmission providers to use in their regional transmission planning, including modeling anticipated future generation in those scenarios. Commenters should also address whether and how any reforms or revisions to existing rules could unjustly and unreasonably shift additional costs to customers of load serving entities. Commenters should also address whether the status quo does or does not allocate costs in a manner roughly commensurate with benefits, and whether the status quo leads to rates that are unjust or unreasonable.

The Commission has exerted its broad authority over practices that impact matters reserved to its authority under the FPA and REBA submits that it should do so here with respect to matters that impact transmission planning, cost allocation, and generator interconnection. The legal and policy basis for the Commission's ANOPR is compelling – the Commission must act because inadequate transmission planning, cost allocation, and generator interconnection policies are leading to unjust, unreasonable, and unduly discriminatory rates, terms, and conditions of service. The status quo cost allocation does not satisfy the "roughly commensurate" standard required by law, as costs are being unfairly allocated to some beneficiaries and at a subsidy to others who benefit but do not pay.

The Commission's approach of allowing flexibility has in some instances resulted in public utilities exercising discretion over transmission planning in an unduly discriminatory manner, such as more stringent requirements for interconnection of third-party generation facilities. Therefore, REBA recommends that the Commission adopt principles that limit unneeded flexibility including those proposed in these Comments. As an example, REBA recommends that the Commission should consider requiring public utilities to engage in transmission planning for a 15- to 20-year future to identify transmission needs based on reliability, economic, and/or public policy concerns

that will take into account (1) integration of renewable and other resources (beyond resources that have advanced to the facilities study in the interconnection queue); (2) changes in loads such as industrial and commercial uses with the increased deployment of electric vehicles; and (3) reliability/resilience in the wake of increased severe weather events due to climate change.

I. We seek comment on which potential measures the Commission could take to ensure that there is appropriate oversight over how new regional transmission facilities are identified and paid for. For example, we seek comment on whether, to improve oversight of transmission facility costs, it would be appropriate for the Commission to require that transmission providers in each RTO/ISO, or more broadly, in non-RTO/ISO transmission planning regions, establish an independent entity to monitor the planning and cost of transmission facilities in the region.

J. We seek comment on the Commission's authority to require an independent entity to monitor transmission spending in each transmission planning region, as well as the role that such monitor(s) would play. For example, this independent transmission monitor might potentially review transmission planning processes, planning criteria that lead to the identification of particular transmission needs and facilities, as well as the rules and regulations governing such processes. Additionally, the independent transmission monitor could review transmission provider spending on transmission facilities and identify instances of potentially excessive transmission facility costs, including through inefficiencies between local and regional transmission planning processes. Further, the independent transmission monitor could identify instances in which transmission facilities were selected in the regional transmission plan for cost allocation when it may not be clear that such projects were the more efficient or cost-effective transmission solutions or were approved for regional cost allocation when credible less-costly alternatives were available. If the independent transmission monitor identifies such examples, it could make a referral to the Commission. The Commission could then conduct a review of the relevant transmission planning processes and/or transmission facility costs under section 206 of the FPA.

REBA supports the concept of an independent transmission monitor. One approach to address the requirement could be as an additional function of OATT reform. Like the existing RTO/ISO market monitors, the independent transmission monitor would not have any authority to either enforce RTO/ISO or FERC-approved rate schedules or policies, but could refer matters to

FERC on an expedited, established response timeframe. REBA recommends that the Commission be clear in establishing the role of the independent transmission monitor as well as the requirements for true independence from any market participants within the regions that have an RTO/ISO.

REBA sees that transmission market monitor role as one that will enhance and facilitate a more holistic transmission planning and cost allocation process and not a barrier to entry. An independent entity can provide an important oversight function and serve as an important check to ensure that transmission investment is made efficiently, and costs are reasonable and allocated fairly, without discrimination.

VII. CONCLUSION

WHEREFORE, for the foregoing reasons, REBA appreciates the opportunity to provide initial comments on the ANOPR and requests that the Commission consider REBA's comments and adopt the recommendations herein.

Respectfully submitted,

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Date: October 12, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have on this 12th day of October 2021, caused a copy of the foregoing document to be sent to all parties on the official service list compiled by the Secretary of the Commission in this proceeding.

/s/*Adrienne Mouton-Henderson*