

**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                    )

RM21-17-000

**REPLY COMMENTS OF THE AMERICAN COUNCIL ON RENEWABLE ENERGY**

The American Council on Renewable Energy (“ACORE”), a national nonprofit organization dedicated to advancing the critical importance of renewable energy and to advocating for the market structures, polices and financial innovations designed to advance renewable energy deployment, hereby submits these reply comments on the Federal Energy Regulatory Commission’s (“Commission”) Notice of Proposed Rulemaking (“NOPR”) in the above captioned proceeding.

**I. INTRODUCTION**

The over two hundred comments submitted in this proceeding demonstrate the critical issues at stake. While those comments varied in their specific positions, most of the parties, including ACORE, support the greater use of long-term multiple-scenario transmission planning as proposed by the Commission in the NOPR.

Since the filing of initial comments, the need for expanded transmission was reinforced by the release of an analysis by the National Renewable Energy Laboratory (“NREL”) of different scenarios for the achievement of a 100% clean electricity system (defined as zero net greenhouse gas emissions) in 2035.<sup>1</sup> In three of the scenarios, interregional transmission capacity

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<sup>1</sup> Paul Denholm, Patrick Brown, Wesley Cole, Trieu Mai, Brian Sergi, National Renewable Energy Laboratory, Examining Supply-Side Options to Achieve 100% Clean Electricity by 2035 (September 2022), available at: <https://www.nrel.gov/docs/fy22osti/81644.pdf>

is two to three times current capacity.<sup>2</sup> NREL’s analysis also confirms that the planning for transmission needs for the future mix of resources will represent cost savings for consumers:

Even in the Constrained scenario, where transmission is more expensive and difficult to construct, the model chooses to increase today’s transmission system capacity by about 26% as part of the least-cost solution. In all scenarios, building transmission that enables low-cost wind and other energy resources is often cheaper than the alternatives, such as use of higher-cost but local resources (and potentially additional storage).<sup>3</sup>

The central role of transmission as we move towards a decarbonized grid cannot be overlooked. Given the scale of transmission investment required, robust, proactive, and broadly applicable planning reforms are both necessary and ultimately compatible with regional variation based on compliance filings. ACORE urges the Commission to issue a final rule expeditiously adopting a strong *pro forma* transmission planning rule.

## **II. RESPONSES TO SELECT COMMENTS**

### **A. Granting Too Much “Flexibility” Could Negate the Benefits of the Proposed Planning Reforms.**

Multiple regional transmission organizations/independent system operators (“RTOs/ISOs”), transmission owners, and other parties call for the Commission to be less prescriptive and more flexible in the transmission planning requirements to accommodate regional variations, while also expressing broad support for long-term scenario-based planning.<sup>4</sup>

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<sup>2</sup> *Id.*, Executive Summary at x.

<sup>3</sup> *Id.* at 47-48.

<sup>4</sup> Including but not limited to the comments of Edison Electric Institute; Avangrid; Dominion Energy Services; Eversource Energy Service Company; ISO/RTO Council, Midcontinent Independent System Operator (“MISO”), MISO Transmission Owners; Organization of PJM States; PJM Interconnection, LLC (“PJM”); Indicated PJM Transmission Owners; New York Independent System Operator (“NYISO”); New York Public Service Commission; New York Transmission Owners, and Xcel Energy Services.

Some parties go so far as to recommend a set of high-level principles instead of any planning requirements.<sup>5</sup>

Given the Commission’s well-substantiated finding that the current transmission planning and cost allocation processes produce unjust, unreasonable, unduly discriminatory, and preferential Commission-jurisdictional rates,<sup>6</sup> the Commission cannot reasonably determine that rates remain just and reasonable in the absence of robust and proactive transmission planning rules. It is because the current planning approaches are not just and reasonable that more rigorous planning requirements are required. As noted by a number of commenters, the increased costs to consumers of continuing with the status quo can cause significant harm. For example, the New Jersey Board of Public Utilities (“NJ BPU”) states:

The failure to engage in multi-driver long-term planning requires ratepayers to pay for tens of billions of dollars in unnecessarily transmission projects. By charging ratepayers tens of billions of dollars for a less efficient system without any offsetting benefit is per se unjust and unreasonable.<sup>7</sup>

Moreover, to the extent such requested flexibility would contribute to greater regional divergence in transmission planning, the necessary steps towards interregional transmission planning will also be impeded by a wide variation among regional planning methodologies. ACORE agrees with the Department of Energy (“DOE”) that “a minimum level of consistency in benefit quantification could also facilitate improved inter-regional transmission planning because various regions will already be evaluating a common set of possible benefits within their regional plans.”<sup>8</sup> Similarly, GridLab aptly notes that “[w]ithout the basic scaffolding of a common

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<sup>5</sup> For example, see NYISO at 11 and the New York Transmission Owners at 17.

<sup>6</sup> *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Docket No. RM21-17-000, 179 FERC ¶ 61,028 (2022) (“NOPR”), at P 34.

<sup>7</sup> NJ BPU at 7.

<sup>8</sup> DOE at 31.

planning framework, transmission investment outcomes in different regions may diverge in ways that lead to lower reliability and higher costs for the United States as a whole.”<sup>9</sup>

ACORE in its initial comments expressed support for much of the NOPR’s proposed reforms, while also recommending greater stringency on specific items, including the use of a portfolio approach, the inclusion of a wide array of drivers of the future transmission needs and a minimum set of benefits. We urge the Commission to adopt a strong *pro forma* planning final rule and not to grant any requests for less stringent requirements than were proposed. Providing flexible “guidelines” instead of the mandates required will not ensure the consistent forward-looking transmission planning needed throughout the country.

**B. Regional Differences Should be Allowed Where They are an Improvement to the Long-Term Planning Requirements.**

ACORE agrees that there may be cases where an individual RTO’s existing processes may be superior to the NOPR planning reforms proposed by the Commission, such that allowing for regional variations from a clear *pro forma* requirement may be warranted on compliance.

One example of a need for regional variation on compliance is the California Independent System Operator (“CAISO”) treatment of public policy projects within its annual transmission planning process. CAISO explains in its comments that “decoupling them from that process -- by making them solely part of Long-Term Regional Transmission Planning -- would greatly undermine the CAISO’s annual, iterative transmission planning process and adversely affect the CAISO’s ability to address public policy (and other) needs in the most timely, efficient, and cost-effective manner.”<sup>10</sup> In this case, CAISO should be permitted to incorporate public policy needs in both its short and long-term transmission plans.

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<sup>9</sup> GridLab at 4.

<sup>10</sup> CAISO at 17.

### **C. A Minimum 20-Year Planning Horizon is Essential.**

A number of commenters question the need for a 20-year outlook based on the argument that a horizon of this length introduces uncertainty and risk.<sup>11</sup> But this position ignores the greater risks introduced instead by a short-term horizon which could identify transmission needs for a set of resources that may no longer be in operation when the transmission is completed. Moreover, the NOPR addresses the tradeoff between the need for a long-term outlook and such potential uncertainty with the use of multiple scenarios that are revised every three years. As International Transmission Company (“ITC”) correctly observes in its comments, “the broad use of a 10-year planning horizon in the existing transmission planning processes of many major planning regions, and the attendant failure of those processes to adequately identify transmission solutions necessary to support current and future generation and customer needs, counsels against the use of a shorter timeframe.”<sup>12</sup>

### **D. Consistent Data and Modeling Would Improve the Planning Process.**

ACORE agrees with comments supporting greater uniformity and best practices for data sources and modeling, as well as transparency in those practices. An identification of certain common data sets and modeling best practices will reduce uncertainty, improve transparency and achieve greater consistency among the planning regions.

For example, the Institute for Policy Integrity recommends that “the Commission provide minimum uniform requirements on model specification and scenario planning based on best practices. Specifically, the Commission should provide greater direction (and even standardization) on modeling techniques, scenario construction and selection, and various

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<sup>11</sup> See for example, PJM at 58-62, EPSA at 7, Mississippi Public Service Commission at 12.

<sup>12</sup> ITC at 9.

features of planning like time horizons, appropriate use of historical data, inputs, and model specifications.”<sup>13</sup> DOE states that “data must be developed via a transparent process and that sufficient information should be made available to replicate the results of the planning studies,”<sup>14</sup> and also notes the availability of “National Laboratory research and datasets, which are consistently updated, publicly funded, transparent, and widely available.”<sup>15</sup>

As part of these best practices and identification of data inputs, ACORE supports the recommendation of the Public Interest Organizations for “the Commission to require Load-Serving Entities to provide their generation and load forecasts to the planning entities so that planners have reasonable information to use, and do not have to perform their own estimates.”<sup>16</sup>

#### **E. Transmission Benefits are Not Restricted to a State’s Borders.**

The list of benefits provided by the Commission in the NOPR demonstrates the multiple benefits from regional and interregional transmission. Several commenters claim that certain states should not be required to pay for other states’ policies.<sup>17</sup> This position represents a fundamental misunderstanding of the benefits of transmission, which are often widely spread out among states regardless of the state policies that contribute to the need for such transmission. As Maryland Public Service Commission Chair Stanek wisely noted during the most recent meeting of the Joint Federal-State Task Force on Electric Transmission (“Joint Task Force”), “my public policy project in Maryland may be Pennsylvania’s reliability project.”<sup>18</sup>

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<sup>13</sup> Institute for Policy Integrity at 2-3.

<sup>14</sup> DOE at 17.

<sup>15</sup> DOE at 14.

<sup>16</sup> Public Interest Organizations at 19.

<sup>17</sup> See for example comments of Dwight D. Keen, Chair, Kansas Corporation Commission at 3; Louisiana Public Service Commission at 9; State of Tennessee at 7; Utah Division of Public Utilities at 3.

<sup>18</sup> July 20, 2022 Joint Task Force Meeting Transcript at 49.

The purpose of the proposed long-term planning reforms is to reduce costs and improve reliability for all regions based on a full accounting of benefits. For example, the NJ BPU notes that a recent study of offshore wind by PJM found “that a portfolio designed to support a subset of PJM state’s public policy goals at the lowest possible cost would naturally lower electricity costs in all PJM states. Allocating the cost of such a portfolio solely to the states with the relevant public policy goals would allow the remaining states to free ride, and effectively force the states with public policy goals to subsidize the provision of normal electricity service in other states in order to pursue their own policies.”<sup>19</sup>

### **III. CONCLUSION**

ACORE appreciates the opportunity to submit reply comments and urges the Commission to move forward expeditiously with a final rule in this proceeding that adopts the reforms discussed herein and in ACORE’s Initial Comments.

Respectfully submitted,

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<sup>19</sup> NJ BPU at 20, citing *PJM Interconnection, Offshore Wind Transmission Study: Phase 1 Results* at 19-20.