

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES
RESOLUTION 2022-01

**URGING DEVELOPMENT OF CONSUMER PROTECTION
POLICIES FOR INTERCONNECTION AND ELECTRIC TRANSMISSION AND
DISTRIBUTION PLANNING AND DEVELOPMENT**

Whereas, electric service is an essential service; and

Whereas, consumers' lives and livelihoods depend on such service being safe, reliable, and affordable; and

Whereas, the electric system exists to serve customers; and

Whereas, consumers ultimately both pay for the costs of any generation, transmission, and distribution development and bear the brunt of impacts if the lights go out; and

Whereas, the electric system must be well-planned for consumer system demands and needs and be based on cost-efficient planning principles, and the planning process must provide for the opportunity for meaningful input by consumers; and

Whereas, increased interconnection of distributed energy resources can impact system requirements; and

Whereas, electric system infrastructure must be able to withstand extreme weather events; and

Whereas, stronger interregional connections can help increase overall electric system reliability and resilience; and

Whereas, transmission and distribution investment is necessary and advantageous for the electric system to meet reliability and public policy climate objectives, and in particular, to allow the interconnection of non-fossil fuel generation resources; and

Whereas, competitive bidding for transmission services should result in greater innovation and lower prices for consumers. In addition, competitive bidding should improve operating efficiencies and will shift business risk from monopoly customers to competitive transmission providers. Competition for transmission services should enhance service quality, should make the winning providers more responsive to consumer needs, and should increase owner accountability to consumers and regulators; and

Whereas, grid-enhancing technologies can help offset the need for infrastructure investment; and

Whereas, existing infrastructure should be used in future planning and development when it is in the best interest of customers to do so; and

Whereas, significant investment comes with significant responsibility because many consumers are already facing economic or environmental disadvantages and/or already escalated transmission charges; and

Whereas, individuals will bear the burdens of these investments, including societal, environmental, and economic impacts on our communities from siting facilities; and

Whereas, NASUCA members are concerned that FERC could over broadly define benefits as a method of unreasonable or unfair cost socialization; and

Whereas, NASUCA acknowledges that its individual member states have different policy priorities and different approaches to achieve those policy priorities; and

Whereas, adequate consumer protections are essential to any process reforms; and

Whereas, generator interconnection and transmission and distribution development policies must be prepared to address not only interregional issues of large generation sited farther from the customers it will serve, but the inverse issue of increased interconnection of distributed energy resources sited near load or behind the meter.

Now, therefore, be it resolved, the National Association of State Utility Consumer Advocates (“NASUCA”) supports policy changes to ensure that the future grid is designed appropriately and cost-efficiently to ensure service remains reliable and resilient, rates remain just and reasonable, and competition remains a priority, but cautions that policies should only be changed if the outcomes benefit customers and finds that the following principles are essential to ensuring that interconnection, and transmission and distribution development plans and policies both benefit and protect customers:

1. Any changes to policies and rules impacting transmission and distribution development should be made in an open and transparent manner that allows for ongoing public input.
2. Cost-causation regulatory principles should be followed to protect consumers from paying charges for transmission services that do not provide benefits to those consumers.
3. Cost allocation must reflect the distribution of costs and benefits associated with projects. Cost causation principles require that the entities paying the costs benefit from the investment and that their share of costs is commensurate with the benefit that they receive.
4. The methods for calculating and assigning benefits should be based on objective, measurable, clear, and specific metrics, and such metrics should be developed in concert with the consumers who may ultimately pay those costs.
5. Transmission and distribution plans should be based on reasonable, transparent, and well-tested planning assumptions (e.g., vetted by state regulatory processes), shared with the representatives of those who are impacted by the planning decisions, informed by feedback from the public, developed with consideration given to alternative solutions, forward-looking, and holistic in that they consider multiple needs;
6. Consumer advocate groups should have support to participate actively in regional transmission planning processes;¹
7. Consumers should be protected from unreasonable costs and risks. Poor planning can lead to imprudent transmission and interconnection, unnecessary spending, poorly-sited transmission facilities, and stranded assets that are not used and useful in the provision of

¹ For example, the Consumer Advocates of the PJM States (CAPS), <http://www.pjm-advocates.org/>, is funded through the PJM budget.

utility service. Neither these risks nor the associated costs should be passed onto consumers.

8. Energy infrastructure has sometimes been sited in economically, socially, and environmentally disadvantaged communities. Planning should be sensitive to the local experience of communities where transmission may be located and should include considerations of whether the project development would exacerbate existing inequities.
9. Transmission planning processes should be robust to optimize siting in areas of highest economic, social, and network value; network planning should be holistic and incorporate both expected generation development and consumer demand projections.
10. Network planning should account for the severity of environmental and weather conditions, including hurricanes, tornadoes, storms, fires, and other natural disasters.
11. Network planning should examine cost-effective alternatives to infrastructure development including the siting of distributed generation and the use of grid enhancing technologies.
12. The principle of used/useful should remain the core of transmission policies and customers should not be required to bear the costs of plant that does not go in-service.
13. Transmission incentives under FERC Order 679 should not be granted where there is no need or justification for such incentives, where projects would be built absent an incentive, and where such incentives only serve to unnecessarily increase the cost of building needed transmission for consumers. To the extent incentives are offered, they should be accompanied by cost protections, including time- and scope-limits to ensure that consumers are charged only for the incentive necessary to incent the development of a needed project that would not be built absent the incentive.
14. The initial risks of bidding and planning for projects should be borne by the developer, not the customers, and developers should not be allowed to pass on to consumers the planning costs of projects that bid into but are not chosen for regional transmission plans as these costs are traditional business risks.
15. As appropriate, generators and/or developers should continue to pay some or all interconnection costs because they are the primary beneficiary of the activity: interconnection is a necessary component to bringing power to the market/load.
16. Federal transmission planning cost allocation and generator interconnection policies should be complementary to and not supplant state jurisdiction over regional resource planning decisions.

17. Federal and state jurisdiction should be clearly defined so that there is no regulatory gap and so that all projects receive regulatory scrutiny of their need, prudence, and costs.² The Utility should bear the burden of proof that transmission facilities are properly included in a FERC-approved tariff before the utility charges consumers.
18. States, as appropriate, should retain the primary authority and control over the siting of transmission facilities. Transmission lines in national transmission corridors and elsewhere can and should include an evaluation of the costs and benefits of the proposed transmission project to consumers of that state, and to the extent transmission is regionally planned, there should be a robust process for state input into transmission siting and cost allocation decisions.
19. Regional transmission planning should incorporate and support, rather than supplant or undermine, state policies. Because states are charged not only with regulating their share of the energy industry but also with looking after the safety, health, and welfare of their citizens, energy development is but one consideration in a larger set of considerations for the state. Federal policies that supplant state policies may lead to unintended consequences for other important areas of state responsibility.
20. Planning policies should be nimble enough to account for regional, state, and local considerations because there are regional, state, and even local differences in policies, consumer growth, generation mix, and community impacts that dictate the tailoring of policies to the specific needs of the area. Relatedly, the need for change differs by area, and not every region necessarily needs a complete transformation in its transmission planning and cost allocation policies.
21. Some but certainly not all NASUCA members' regions are served by a regional transmission organization or an independent system operator (hereafter, collectively referred to as "RTOs"). For those states where a utility or utilities are part of an RTO, those RTOs and state and federal officials should ensure that there is an independent entity within each jurisdiction that is charged with reviewing interconnection concerns and complaints.
22. Many NASUCA members are interested in exploring the creation of Independent Transmission Monitors in both RTO and non-RTO regions. Like Independent Market Monitors, the Transmission Monitors should be attuned to the specific needs of, and data associated with, the regions that they oversee.
23. Planning principles should support competition in the building of RTO-identified transmission projects. Competition helps ensure the adoption of efficient, cost-effective

² A 2019 report prepared for the Consumer Advocates of the PJM States found that capital expenditures for supplemental projects— projects not required for compliance with PJM operational performance, system reliability, or economic criteria—increased by more than 1,000% from 2013 through 2020. *See* Continuum Associates, Expert Consultation on PJM Supplemental Transmission Projects: Standards and Oversight 1, September 13, 2019, https://0201.nccdn.net/4_2/000/000/076/de9/final-report---caps---pjm-supplemental-transmission-projects_wo_.pdf; *see also* PJM, TEAC Project Statistics, May 12, 2020, Slide 6, <https://pjm.com/-/media/committees-groups/committees/teac/2020/20200512/20200512-item-10-2019-project-statistics.ashx>

solutions that lead to lower prices for consumers. FERC's transmission planning and interconnection policies should continue to support robust competition and should temper the ability of incumbent transmission providers to expand their monopoly control over the electric grid.

24. In states or regions in which incumbent transmission providers are insulated from competition, FERC must establish processes to ensure that transmission plans are cost-effective and transmission development costs are reasonable, carefully managed, and more frequently reviewed to ensure the transmission projects are still needed and cost justified.
25. Transmission planning should be data driven and should support concepts of just and reasonable rates and the prevention of undue discrimination.
26. Effective and early public participation is necessary so that transmission planners can understand the impacts of their decision-making on the public.
27. Federal Agencies should work together to streamline transmission siting on Federal lands.

Be it further resolved, that NASUCA authorizes its Executive Committee to take appropriate actions consistent with the terms of this resolution. The Executive Committee shall advise the membership of any proposed action prior to taking such action, if possible. In any event, the Executive Committee shall notify the membership of any action taken pursuant to the resolution.

Submitted by the Electric Committee

Approved:

2022 NASUCA Mid-Year Meeting

June 12, 2022