

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

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

**COMMENTS OF THE NATIONAL ASSOCIATION OF  
STATE UTILITY CONSUMER ADVOCATES**

The National Association of State Utility Consumer Advocates (“NASUCA”), a voluntary association of 58 state utility consumer advocate offices, appreciates the opportunity to provide these Comments in response to the issues raised in the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) July 15, 2021 Advance Notice of Proposed Rulemaking (“ANOPR”) regarding potential reforms to improve the electrical regional transmission planning and cost allocation and generator interconnection processes. As NASUCA represent the interests of utility consumers in 43 states, the District of Columbia, Puerto Rico, Barbados and Jamaica,<sup>1</sup> and the number of inquiries in the ANOPR are large and complex, the interests of our individual members in the issues addressed in the ANOPR vary.<sup>2</sup> However all of our members agree on the following facts: electric service is an essential service and consumers’ lives and livelihoods depend on such service being reliable, resilient, and affordable.

NASUCA applauds the Commission’s efforts to conduct an open and transparent investigation that allows for public input and to proactively examine whether, and if so which, policy changes are needed in order to ensure that the future grid is designed appropriately and cost-

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<sup>1</sup> NASUCA’s full members are designated by the laws of their respective jurisdictions to represent the interests of utility consumers before state and federal utility regulators and in the courts. NASUCA’s associate and affiliate members are recognized utility consumer advocates in their respective jurisdictions.

<sup>2</sup> Individual NASUCA consumer advocate members reserve the right to file separate comments regarding the issues discussed in these comments.

efficiently to ensure service remains reliable and resilient, rates remain just and reasonable, and competition remains a priority.

NASUCA's comments are not intended to answer each and every issue raised in the ANOPR. Rather they identify several important policy principles that the Commission should adhere to as it moves forward with its inquiry and in any future rulemaking in order to ensure that the Commission's planning and cost allocation policies are in the public interest and appropriately protective of consumer rights and that any changes made to the policies are warranted.

## **I. COMMENTS**

In considering any electrical regional transmission planning, cost allocation, or generator interconnection process reforms, FERC must balance multiple, sometimes conflicting, considerations. However, as consumers ultimately both pay for the costs of any generation and transmission development and bear the brunt of impacts if the lights go out, adequate consumer protections are essential to any process reforms. The seven policy principles outlined below are intended to provide the Commission guidance to support planning and cost allocation that is in the public and consumer interest.

**Planning Principle #1: The electric system must be well-planned, be based on cost-efficient planning principles, and provide for the opportunity for meaningful input by those who it serves.**

There is widespread understanding that significant transmission investment will be needed to meet reliability and climate objectives, and in particular to allow the interconnection of non-fossil fuel dependent generation sources. But significant investment comes with significant

responsibility as the costs of these investments—both the material costs and the social costs from the impacts on communities where the infrastructure is placed—will be borne by individuals, many of whom are already facing economic or environmental disadvantages. Poor planning can exacerbate costs and result in imprudent investments.

Further, the Commission’s transmission and generator interconnection policies must not only be prepared to address interregional issues of large generation sited further from the load it will serve, but the inverse issue of increased interconnection of distributed energy resources sited at or behind the meter. In short, the level of need and type of additional investment is not homogenous across the nation.

In order to ensure that transmission expansion and improvement projects encompass cost efficient planning principles and result in prudent investments, the Commission’s policies should require that:

- Planning is based on reasonable and well-tested planning assumptions and methodologies, including the consideration of actual public policies, rather than a “if we build it, they will come” approach;
- Planning parameters are transparent and the data, assumptions, and methodologies used in planning are shared with representatives of those who will be impacted by the planning decisions so they can independently verify the results;
- Planning processes integrate the opportunity for the public to both participate in and influence the process at its inception as well as throughout all phases of the planning process rather than only after the solutions have already been selected. Such integration must allow public and public advocates to participate in the development of future scenarios and the assumptions upon which they are built and

must require proactive public outreach so that the public is aware of the particular decisions that may impact them rather than depending only on passive comment opportunities;

- Planning processes integrate and require the consideration of alternative solutions (e.g. storage as an alternative to generation or transmission, or grid enhancing technologies to increase the capacity of the existing transmission system and maximize power flows);
- Planning processes are iterative, forward-looking, and incorporate multiple time horizons. They should also include a review of the accuracy of previous plans and the factors that influenced whether the objectives and outcomes of the previous plans were realized; and
- Planning processes must be holistic, account for multiple drivers, and should aim to provide solutions that meet multiple, rather than singular, needs. Holistic planning requires an examination of both regional and local projects as regional solutions may resolve the need for multiple, more costly local projects and local projects may absolve the need for a long, expensive regional transmission line.

**Planning Principle #2 Ratepayers should be protected from unreasonable costs and risks.**

If not planned holistically and with appropriate risk allocation and risk mitigation, transmission and interconnection development can lead to the imposition of unreasonable costs and risks on consumers. Poor planning can lead to ineffective transmission and interconnection solutions, poorly sited transmission facilities, and stranded assets. None of these risks should be

passed onto consumers as they have the least amount of control over the decisions that lead to those costs and risks. In particular:

- The Commission must stay true to the principles of used/useful and should not allow customers to bear the costs of plant that does not go in-service;
- Transmission incentives under Order 679 should not be granted where there is no need or justification for such incentives, where projects would have been built absent an incentive, where such incentives only serve to unnecessarily increase the cost of building needed transmission for consumers, and to the extent incentives are offered they should be time- and scope-limited 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;
- 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; and
- Interconnection costs should continue to be borne by the generators as they are the primary beneficiary of the activity because the interconnection is a necessary component to bringing power to the market/load.

**Planning Principle #3 Planning processes and policies should be complementary to and not supplant state jurisdiction.**

Regulation of the electric market is a system of cooperative federalism. As FERC looks to the future, it is essential that this system is respected and that FERC's transmission planning and

cost allocation and generator interconnection policies do not supplant state jurisdiction. This includes ensuring that: states 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 ratepayers of that state, and to the extent transmission is regionally planned that there is a robust process for state input into transmission siting decisions.

Moreover, 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 looking to 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 unintentional consequences in other important areas under the states' purview.

**Planning Principle #4: Planning policies should be nimble to account for regional considerations.**

Planning processes cannot be designed to be one-size-fits-all as there are regional and even local differences in state policies, load growth, generation mix, community impacts that dictate the tailoring of policies to the specific regional needs. Relatedly, the need for change differs by area and it cannot be assumed that every region needs a wholesale transformation in their transmission planning and cost allocation policies.

Relatedly, while many NASUCA members are interested in exploring the creation of Transmission Monitors in both RTO and non-RTO regions, there should not be one transmission monitor for the entire country. Like Independent Market Monitors, the Transmission Monitors should be attuned to the specific needs of, and data associated with, the region they oversee. The

Transmission Monitors concept provides an intriguing and potentially promising avenue to promote nondiscriminatory and equitable planning and create consumer protections, including by promoting more information and cost transparency, but the devil is always in the details. FERC should provide stakeholders with information concerning how the monitor will be appointed, will be paid for, how the monitor will serve as an effective check against current planning processes, and why the creation of a new “independent” entity, with the power to make referrals to FERC, is preferable to FERC conducting the contemplated review itself. At minimum, it is essential that if this concept is pursued further that protocols are adopted to ensure that the Monitor is independent in fact not just in name.

**Planning Principle #5: Planning principles should support cost-effective solutions.**

Planning processes must ensure that solutions are cost effective and are designed to achieve lower energy costs 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. Where competitive transmission development does not exist, FERC must ensure that transmission planning and oversight processes encourage and achieve diligent cost management for the benefit of energy consumers.

**Planning Principle #6: Planning should support concepts of consumer protection, equity and justice.**

Considerations of consumer protection, equity and justice must be incorporated throughout all stages of the planning process and should not be considered an after-thought. For example,

some energy infrastructure has been sited in economically, socially, and environmentally disadvantaged communities. As such, planning principles should consider the impact of siting decisions on already overburdened communities who would be forced to continue to bear the brunt of the ongoing impacts. Effective public participation is necessary so that planners can understand the impacts of their decision-making on the public.

**Cost Allocation Principle #7: Cost Allocation must reflect the distribution of costs and benefits associated with particular projects.**

In contrast to planning which determines the size of the cost “pie,” cost allocation determines who pays for the pie and how large of a slice they need to pay for. Similar to transmission planning, cost allocation must support principles of consumer protection, equity and justice and just and reasonable costs. Cost causation principles require that the entities paying the costs benefit from the investment and their share is commensurate with the benefit they receive. General societal good is not a sufficient basis to allocate costs to consumers. Rather, proper cost allocation must reflect the distribution of costs and benefits associated with particular projects. The determinations of who is the beneficiary may not be as clear-cut as it was under traditional regulation, but in order to address the complexity, FERC should encourage the development of objective, clear and specific beneficiary metrics for calculating/assigning benefits, and such metrics should be developed in concert with the consumers, and their advocates, who may ultimately pay those costs. Further, cost allocation must be based on processes that allow consumers and advocates to meaningfully understand and participate in all phases of both planning and cost allocation.



## II. CONCLUSION

NASUCA appreciates the opportunity to submit these comments. NASUCA respectfully requests that FERC consider the principles identified herein during its rulemaking, conduct an open and transparent investigation that allows for consumer advocates' input, and provide additional detail regarding its proposal to appoint an independent transmission monitor.

Respectfully submitted,

*/s/ David Springe*

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