

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

REPLY COMMENTS OF THE

NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALITION

The Northwest & Intermountain Power Producers Coalition (“NIPPC”) is a membership-based advocacy group representing competitive electricity market participants in the Pacific Northwest and Intermountain region. NIPPC has a diverse membership including independent power producers and developers, electricity service suppliers, transmission companies, marketers, storage providers, and others. NIPPC is committed to fair and open-access transmission service, cost effective power sales, consumer choice in energy supply, and fair, competitive power markets in the Northwest and adjacent markets.

NIPPC members have collectively invested billions of dollars in existing generation resources in the United States and have substantial operating assets in the West along with renewable and thermal projects in advanced stages of development, all of which are tied to and rely on the *pro forma* Open Access Transmission Tariff (“OATT”) for access to power markets. Therefore, NIPPC appreciates and supports the Federal Energy Regulatory Commission’s (“FERC’s” or the “Commission’s”) initiation of this Advanced Notice of Proposed Rulemaking (“ANOPR”).

As with the Comments it filed in this docket earlier, NIPPC’s Reply Comments on this ANOPR are narrowly focused on its members’ experiences in the Pacific Northwest and the Rocky Mountain regions of the Western Interconnection (“the non-RTO West”).

I. REPLY COMMENTS

LIMITATIONS OF THE ORDER NO. 1000 PROCESSES

Despite suggestions from some commenters,¹ regional transmission planning in the non-RTO West is not working. NIPPC agrees with the many commenters who identified areas where the regional planning process can be improved.² NIPPC recognizes that the challenges of siting and building transmission assets are real, although Congress has at least begun to address these problems in the recently-enacted Infrastructure Investment and Jobs Act, which includes, for example, provisions to ease transmission siting in National Interest Electric Transmission Corridors. NIPPC would support additional efforts to speed the siting and permitting processes – especially on Federal lands and especially for transmission projects once they are clearly and broadly understood to be necessary. Whether or not the siting and permitting processes are reformed, it is important that the planning process looks far enough into the future to identify the infrastructure that future generations will rely upon for their energy needs so that complicated permitting and siting processes can be completed in time. For this reason, NIPPC agrees with

¹ Comments of Berkshire Hathaway Energy at 13 (Oct. 12, 2021); Comments of California Independent System Operator Corporation (“CAISO”) at 56-64 (Oct. 12, 2021); Comments of Edison Electric Institute (“EEI”) at 14, 39, 44 (Oct. 12, 2021); Comments of Idaho Power Company, 2-4 (Oct. 12, 2021).

² Comments of American Council on Renewable Energy (“ACORE”) at 23-27 (Oct. 12, 2021); Joint Comments of American Clean Power Association and the U.S. Energy Storage Association (“ACP/ESA”) at 42 (Oct. 12, 2021); Comments of Advanced Energy Economy (“AEE”) at 30-36 (Oct. 12, 2021); Comments of Oregon Public Utility Commission (“OPUC”) at 1 (Oct. 12, 2021); Comments of Public Interest Organizations (“POIs”) at 43-45 (Oct. 12, 2021).

those commenters who suggest that a ten-year planning horizon is too short – and that a twenty-year planning horizon is more appropriate.³ NIPPC agrees that permitting and siting challenges are real and need to be reformed, but that challenge is not a sufficient justification to accept the limitations of the existing planning process.

NIPPC agrees that the current rules allow regional planning processes to consider alternative scenarios. In our experience, however, planning organizations treat their planning obligation as a compliance requirement. They identify the minimum that will be required under the applicable rule, complete the requirement, and fully document their compliance. While they may occasionally perform additional scenarios or sensitivity studies that come up through the stakeholder process, they reject most requests for studies of alternative futures. They certainly do not complete analysis of the implications of a range of potential futures sufficient to inform policy makers in the region of the range and cost of different options to meet the region’s future energy needs.

Accordingly, NIPPC agrees with commenters who suggest that the regional planning process should be reformed to require planning entities to consider a broader range of possible futures than they must currently consider.⁴ NIPPC also supports suggestions that the regional planning process across interconnection should rely on a consistent set of data, coordinated

³ Comments of ACORE at 23-27; Comments of AEE at 35-36; Comments of American Power Producers Association (“APPA”) at 4 (Oct. 12, 2021); Comments of BP America at 3-4 (Oct. 12, 2021); Comments of NextEra Energy at 56 (Oct. 12, 2021); Comments of OPUC at 9; Comments of PIOs at 57-60.

⁴ Comments of Americans for a Clean Energy Grid (“ACEG”) at 4-5 (Oct. 12, 2021); Comments of APPA at 4; Comments of Avangrid at 11-14 (Oct. 12, 2021); Comments of OPUC at 9; Comments of NextEra at 56, 60, 70; Comments of Rocky Mountain Institute (“RMI”) at 3 (Oct. 12, 2021).

planning assumptions, and coordinated timing across all transmission planning processes.⁵

NIPPC agrees with commenters who suggest that the Commission identify a core set of scenarios that planners must consider.⁶ At the same time, NIPPC suggests the Commission allow regional stakeholder processes to be flexible in defining scenarios that provide answers to the specific questions facing each region.⁷ However, such flexibility should not undercut real and meaningful opportunities for stakeholder involvement and enforcement mechanisms to hold planning organizations accountable to actually perform the requested analyses.

NIPPC recognizes that these changes to the planning process would result in a document that identified a range of transmission solutions to the question of how a region can ensure its ratepayers have access to safe, reliable electric service at just and reasonable rates. The reformed process will not identify a single set of infrastructure needs that are appropriate for cost allocation. NIPPC agrees with those commenters who suggest that the Commission modify its rules to enhance planning while ensuring regional flexibility – and stakeholder input – in processes that determine which transmission facilities will be selected for construction as well as flexibility in how the costs of those facilities will be allocated.⁸

NIPPC also agrees with those commenters who are concerned that the transmission planning processes are not independent.⁹ In many cases, the regional planning process is staffed

⁵ Comments of ACP/ESA at 40; Comments of United States Department of Energy (“DOE”) at 12 (Oct. 12, 2021); Comments of PIOs at 87-92.

⁶ Comments of DOE at 14; Comments of NextEra Energy at 9-10, 56, 60; Comments of the Institute for Policy Integrity at New York University School of Law (“NYU”) at 29-32 (Oct. 12, 2021); Comments of OPUC at 11.

⁷ Comments of EEI at 25-26; Comments of National Association of Regulatory Utility Commissioners (“NARUC”) at 11-12 (Oct. 12, 2021); Comments of WIRES at 7 (Oct. 12, 2021).

⁸ Comments of NARUC at 10, 26; Comments of OPUC at 11.

⁹ Comments of LS Power Grid at 79-84 (Oct. 12, 2021); Comments of Montana QF Developers at 20-21 (Oct. 12, 2021); Comments of NARUC at 20-21; Comments of PIOs

– or directly overseen – by employees of the transmission owners themselves. The result is an apparent bias against facilities that are not built and owned by the transmission owners. NIPPC is also concerned that, if the Commission were to require or encourage regional planning processes to identify renewable energy resource zones without increasing independence from the incumbent transmission owners, then planning processes would be biased in locating transmission lines to zones where transmission owners have existing or planned generation assets. Among the proposals that NIPPC encourages the Commission to adopt are the following:

- Enhance the independence of regional transmission planning;¹⁰
- Consider whether to change the Commission’s presumptive assumption that transmission investments are prudent only to facilities that have been approved in a regional planning process;¹¹
- Explore mechanisms to enhance the competitive process for transmission construction;¹² and
- Require an independent transmission monitor.¹³

at 65-69; Comments of the Solar Energy Industries Association (“SEIA”) at 18 (Oct. 12, 2021).

¹⁰ Comments of LS Power Grid at 79-84; Comments of Montana QF Developers at 20-21; Comments of NARUC at 20; Comments of NYU at 21-24; Comments of PIOs at 65-69; Comments of SEIA at 18.

¹¹ Comments of the California Public Utilities Commission (“CPUC”) at 47-48 (Oct. 12, 2021); Comments of NYU at 20-21; Comments of PIOs at 62.

¹² Comments of AEE at 41-49; Comments of CPUC at 24-46; Comments of LS Power Grid at 15-28; Comments of NARUC at 57-58; Comments of the Transmission Dependent Utility Systems (“TDU Systems”) at 12 (Oct. 12, 2021).

¹³ Comments of AEE at 38-41; Comments of the Arizona Corporation Commission (“ACC”) at 6-7 (Oct. 12, 2021); Comments of CPUC at 51-65; Comments of LS Power Grid at 79-84; Comments of NARUC at 20-21; Comments of NYU at 21-25; Comments of Transmission Access Policy Study Group (“TAPS”) at 18 (Oct. 12, 2021).

NIPPC also agrees with the commenters who suggested that the Commission consider an Open Season process or other mechanism to determine customer interest in transmission infrastructure expansions.¹⁴ The Commission could consider adding a new section to the OATT defining the requirements for an Open Season. Relying on an Open Season to subscribe service for transmission projects that are approved by state commissions would be one way to accommodate those commenters who raised concerns regarding the mandatory cost allocation of projects in the regional plan or who raised concerns regarding the proper allocation of costs arising from public policy choices of some states. NIPPC does agree with commenters who argue that the costs of network upgrades that reduce pollution or enhance the resiliency of the grid should be allocated broadly¹⁵ – even to customers who live in states that have not adopted clean energy policies of their own. One way to accomplish this – especially in the non-RTO West – is through an Open Season subscription process as opposed to mandatory cost allocation that lacks an effective implementing mechanism in these jurisdictions.

NIPPC also agrees with other discrete proposals raised by commenters. Specifically, NIPPC urges the Commission to:

- Require transmission providers to identify locations on their system where generators can interconnect at lower costs;¹⁶
- Establish clear rules on how to treat interconnection rights when a generator retires;¹⁷

¹⁴ Comments of the Electric Power Supply Association at 8-10 (Oct.12, 2021).

¹⁵ Comments of NYU at 50-58; Comments of PIOs at 119-128; Comments of RMI at 4.

¹⁶ Comments of DOE at 46-47.

¹⁷ Comments of Avangrid at 20.

- Encourage joint-ownership of transmission lines (including any accommodations needed to encourage participation in joint ownership by non-jurisdictional transmission owners);¹⁸
- Enhance requirements for competition in construction of transmission lines approved through a regional planning process;¹⁹ and
- Require Inter-Regional Planning – not just Inter-Regional Coordination.²⁰
- Consider changes to the Crediting policy (which currently requires Interconnection Customers in the non-RTO West to pay the entire costs of Network Upgrades upfront subject to repayment over time in the form of transmission credit), which would remove a major barrier to entry for independent power producers.²¹

Many commenters provide examples of extreme upgrade costs assigned to new generators seeking interconnection in the RTO regions²² as well as in the non-RTO regions.²³ NIPPC members have encountered escalated, cost-prohibitive Network Upgrade costs in seeking to interconnect new generation in the non-RTO West. Accordingly, NIPPC agrees that it is time for the Commission to change the interconnection process to limit the upfront fees that new generation must pay. NIPPC therefore supports the following proposals from other parties:

¹⁸ Comments of APPA at 5-6; Comments of TAPS at 12-13, 28; Comments of TDU Systems at 12-13.

¹⁹ Comments of AEE at 45-46.

²⁰ Comments of ACP/ESA at 30, 50-52; Comments of ACEG at 5, Comments of ACC at 4; Comments of NARUC at 11-12; Comments of OPUC at 10; Comments of PIOs at 69-72; Comments of RMI at 4.

²¹ *See, e.g.*, Comments of ACORE at 15.

²² *See, e.g., id.*; Comments of EDP Renewables at 10-14 (Oct. 12, 2021); Comments of ACEG at 2-3 & App. B.

²³ Comments of Montana QF Developers at 9-20.

- *Limit Upfront Interconnection Fees:* The Commission should consider, at least for some types of projects, limiting upfront interconnection fees to, at most, the costs of administering the interconnection request and to upgrades on the local system necessary to interconnect the new generator.²⁴
- *Cap Interconnection Costs:* The costs of Network Upgrades payable by the interconnection customer should be capped no later than when the Generation Interconnection Agreement is signed.²⁵
- *Consider Grid-Enhancing Technologies:* Upon the request of the interconnection customer, the Commission should require Grid-Enhancing Technologies to be studied as an alternative to or supplement to Network Upgrades using traditional technologies.²⁶
- *Extend Option to Build:* The interconnection customer's option to build Network Upgrades should be extended to all Network Upgrades, not just stand-alone upgrades, and should permit competitive bidding for projects to construct Network Upgrades.²⁷

Finally, NIPPC agrees with commenters that any reforms should consider and build upon FERC's successes and proven track record to:

- Promote competition, market options, and encourage new entrants;²⁸

²⁴ Comments of ACORE at 15-17; Comments of LS Power Grid at 117-18; Comments of AEE at 54.

²⁵ Comments of ACP/ESA at 8, 39; Comments of Pine Gate Renewables at 8-9 (Oct. 12, 2021).

²⁶ Comments of Pine Gate Renewables at 10-13.

²⁷ Comments of Pine Gate Renewables at 9-10; Comments of LS Power Grid at 46-48.

²⁸ Comments of NewSun Energy at 15-16, 19 (Oct. 12, 2021); Comments of LS Power Grid at 15-28, 85-99 & App. B; Comments of the TDU Systems at 12.

- Limit the ability of utility incumbents to stymie competition;²⁹ and
- Create and preserve a stable investable climate.³⁰

CONCLUSION

For the reasons discussed above, the Commission should issue a Notice of Proposed Rulemaking to further develop the reforms recommended in NIPPC's Comments in this docket and in these Reply Comments.

Dated: November 30, 2021

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²⁹ Comments of LS Power Grid at 29-32; Comments of NewSun Energy at 16.

³⁰ Comments of Berkshire Hathaway Energy at 17-19; Comments of BP America at 4; Comments of NewSun Energy at 17.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day, November 30, 2021, served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.



Irion Sanger