



National Association of State Energy Officials

October 12, 2021

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Docket No. RM21-17-000

RE: Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection

Dear Chairman Glick, Commissioner Danly, Commissioner Clements and Commissioner Christie,

The National Association of State Energy Officials (NASEO) welcomes the opportunity to provide comments to the Federal Energy Regulatory Commission (FERC) regarding its advanced notice of proposed rulemaking on electric regional transmission planning and cost allocation and generator interconnection.

NASEO represents the 56 state, territory and District of Columbia energy offices, whose directors are generally appointed by their governors and are tasked with developing and implementing state energy policies; energy emergency preparedness, response, and resilience programs; renewable energy, energy efficiency, energy storage, and load flexibility policies; and energy technology innovation and economic development programs. In addition to working with their governors, legislators, and the private sector, including all components of the investor and consumer-owned utility sectors, NASEO members coordinate with the public utility commissions in their respective states. The interaction of the state energy planning and policy actions of the State Energy Offices with the state regulatory actions of public utility commissions is analogous to the federal policy actions of the U.S. Department of Energy and the regulatory actions of the Commission.

NASEO shares the Commission's concern that the current approach to planning and allocating the costs of transmission facilities may lead to an inefficient, piecemeal expansion of the transmission grid. NASEO supports the recognition that a more proactive, forward-looking, and integrated approach to transmission planning is necessary to achieve a low cost, low carbon, reliable electricity grid.

With respect to the need for enhanced transmission oversight, NASEO urges FERC to capitalize on existing regional mechanisms, in which State Energy Offices play a leading role, to enhance oversight of transmission planning, cost allocation and generator interconnection. Transmission planning issues are inherently regional in nature, with the states of each region of the country having a unique mix of

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generation and transmission, renewable resource potential, and resiliency challenges. Both within and outside RTO/ISO regions, numerous multistate working groups bring together State Energy Office Directors, state regulators, market participants and other stakeholders. These existing state-based bodies, which recognize the importance and primacy of state jurisdiction in specific areas, should be authorized to provide enhanced oversight using a more standardized and transparent development process.

For example, as a response to the New England Energy Vision developed by the six New England states working through the New England States Committee on Electricity (NESCOE), ISO-NE already has initiated a long-term planning process to identify transmission needs out to 2050. Through NESCOE, State Energy Offices and their regulatory counterparts, have worked to ensure that state policies, as well as the voices of diverse stakeholders including environmental justice groups, are reflected at an early stage in the ISO-NE transmission planning process. In addition, while the long-term plan is still in development, several co-optimized transmission projects are moving forward. The projects reflect state energy policies by considering a range of benefits including reliability needs, interconnection of renewable energy, efficient use of rights of ways and existing electric infrastructure, and cost considerations.

Likewise, in the western United States, through both the Western Interstate Energy Board and NASEO, State Energy Offices have emphasized the need for coordination and a longer-range perspective on transmission planning considering increasing levels of renewable generation and state policy goals. The effort has taken on new urgency in light of electricity disruptions caused by wildfires and floods and highlights the imperative for holistic planning and state-federal partnerships. This state-lead work should be built upon to address the challenges identified by the Commission.

In concert with a region/state committee oversight model, the Commission should develop standards to facilitate the transmission process. The standards should include a defined set of objectives, data requirements, definitions of benefits, costs and cost allocation criteria that are agreed upon in advance for use in transmission planning. The standards should also include a requirement that existing transmission networks and rights of way are fully utilized before new lines are built and that grid-enhancing technologies are deployed. We also believe that transmission planning and expansion should involve a more holistic view. For example, a holistic approach means consideration of expansion of distributed generation and energy storage; new grid technologies; end-use energy efficiency and electrification actions; replacement of existing transmission cable with energy-efficient cable; energy emergency preparedness and response; and cyber security. The “stove pipes” under which we presently consider transmission policies must be bridged and broken down. That will necessarily involve state-federal-regional coordination of both policy and regulatory officials. Because of their leadership on energy policy and planning and their collaborative relationships with the U.S. Department of Energy’s National Laboratories, State Energy Offices play a key role in this critical energy area.

Commission standards also should require development of scenarios which enable transmission asset sharing versus project-by-project transmission buildup. Such an integrated planning process would be a first step in addressing the question of how entities that are building out transmission capacity are ensured that projects that come later will share in the cost of the transmission, as opposed to capitalizing on the benefits without paying. For example, the issue of equitable allocation of

transmission costs is of deep concern to State Energy Offices on the East Coast as they work to develop the offshore wind industry.

Review of the transmission planning process, costs of transmission facilities and engagement of stakeholders should begin well before construction starts. The Commission should look to transmission planning and development initiatives that have included early and extensive stakeholder engagement such as the Texas Commission’s Competitive Renewable Energy Zones (REZ) initiative, MISO’s Multi-Value Projects (MVP) or the transmission planning work underway by ISO-NE. Transmission planning efforts that promote community and developer engagement are crucial, as are policies that clearly define benefits, address equity considerations, and offer ways to share benefits between developers and host communities. It is noteworthy that these efforts may be strengthened through provisions in the pending federal bipartisan infrastructure bill, which adds transmission and distribution planning, including feasibility studies and stakeholder outreach, as a requirement for receipt of U.S. State Energy Program funding to be provided by Congress. The bill also would provide significant funding to states from the U.S. Department of Energy for projects and programs related to grid resiliency. Leveraging these funding actions to modernize energy infrastructure is a top NASEO priority.

The Commission also should provide opportunities to create financial incentives, which monetize a wider range of transmission benefits. For example, incentives could be offered to support the development of regional transmission-anchored economic development clusters, for reuse and expansion of existing transmission corridors, or for construction adjacent to highways, railways, and pipelines. This effort also could develop methodologies to monetize economic benefits for the pass-through states who might otherwise not benefit from the transmission.

We appreciate the Commission’s proactive efforts to address transmission challenges and we welcome the opportunity to submit these comments. We look forward to engaging with the Commission, state regulators and market participants to develop a more forward-looking, and integrated approach to transmission planning, cost allocation and generator interconnection.

Respectfully,



David Terry  
Executive Director, NASEO

cc: State Energy Directors