

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

**Competitive Transmission Development)
Technical Conference)**

Docket No. AD16-18-000

**RESPONSE OF THE EASTERN INTERCONNECTION PLANNING
COLLABORATIVE TO POST-TECHNICAL CONFERENCE QUESTIONS ON
PANEL No. 4: INTERREGIONAL PLANNING COORDINATION ISSUES**

I. Introduction

The Eastern Interconnection Planning Collaborative (“EIPC”) hereby responds to the Commission’s “Notice Inviting Post-Technical Conference Comments” issued on August 3, 2016. EIPC’s response focuses on the questions regarding Panel No. 4: Interregional Transmission Coordination, which are especially relevant to our members who are Planning Coordinators in both ISO/RTO and non-ISO/RTO regions in the Eastern Interconnection.

II. Statement of Interest

The EIPC is an organization formed by NERC-registered Planning Coordinators in the Eastern Interconnection to perform interconnection-wide transmission analysis. As an example, the EIPC has successfully completed a U.S. Department of Energy-funded analysis of the electric transmission system in eastern North America looking 20 years into the future, as well as an analysis of the interface between the electric transmission system and the natural gas delivery system. The EIPC also develops transmission system models of combined regional transmission plans and performs interregional scenario analyses on those combined models to identify stress points on the Eastern Interconnection-wide system and identify gaps in the combined plans. Formed under an agreement by 19 planning authorities from the Eastern United States and

Canada,¹ the EIPC has developed a “bottom-up” approach to transmission planning, starting with a roll-up of the existing grid expansion plans of electric system planning authorities in the Eastern Interconnection. The EIPC provides a forum to connect broad interregional issues with potential interregional solutions.

In addition to completing the five-year DOE interconnection studies project in 2015, the EIPC continues to refine NERC interconnection-wide transmission models for interregional studies. Most recently, the EIPC completed development of roll-up and integration cases for the 2025 summer and winter time frames. The development process included a gap analysis and study of interregional power transfer capabilities. The EIPC is also developing a production cost database to match those power flow cases for interregional studies. Completion and testing of the improved production cost data base is planned for 2017. The EIPC also provides an interconnection-wide perspective on issues of interest to the industry including the DOE’s Annual Transmission Data Review and Transmission Congestion Studies.

¹ The EIPC membership includes Alcoa Power Generating, Inc.; Duke Energy Carolinas, Duke Energy Florida, and Duke Energy Progress; Louisville Gas & Electric Company and Kentucky Utilities Company; Florida Power & Light Company; Georgia Transmission Corporation (An Electric Membership Corporation); ISO New England, Inc.; JEA; Midcontinent Independent Transmission System Operator, Inc.; Municipal Electric Authority of Georgia; New York Independent System Operator, Inc.; PJM Interconnection; PowerSouth Energy Cooperative; South Carolina Electric & Gas Company; South Carolina Public Service Authority; Southern Company Services Inc., as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company; Southwest Power Pool, Inc.; and the Tennessee Valley Authority.

III. Comments

Panel Four: Interregional Transmission Coordination Issues

1. What factors have contributed to the lack of development of interregional transmission facilities (i.e., a transmission facility that is located in two or more transmission planning regions)? Are there actions the Commission could take to facilitate such development?

EIPC Response

The Commission's question is based on the premise that there has been a "lack of development of interregional transmission facilities" and that FERC needs to take additional action at this time to drive more interregional transmission facilities. EIPC wishes to point out to the Commission that there are many factors that will either accelerate or slow down the designation of interregional transmission projects. As an entity made up of each of the Planning Coordinators in the Eastern Interconnection, EIPC is uniquely able to observe transmission needs among all of the planners of the Eastern Interconnection. Since the issuance of Order No. 1000, both load growth and resulting congestion have significantly declined, leading to lengthening the horizon over which new transmission will be needed. Although certain states such as New York have undertaken specific, state-driven initiatives which may compel new transmission investment, traditional drivers such as reliability and market efficiency have been impacted by the decline in load growth and congestion. The pace of interregional project development is also significantly affected by factors such as the uncertainty of the future of the Clean Power Plan, and individual states examining whether or not, and how, they may wish to undertake regional approaches to environmental compliance. Accordingly, the Commission should not be quick to take action, as these issues cannot be addressed simply by regulatory directive. EIPC, through its system modeling roll-up work,² will continue to provide an interconnection-wide view that all stakeholders can use to examine trends and identify efficiencies that may result from consideration of interregional projects.

Furthermore, the perceived lack of interregional transmission projects arising through the new Order No. 1000 coordination process does not necessarily mean that there are any unmet needs. Experience has shown that most regional transmission needs can be addressed by regional or local solutions. In addition, the merchant transmission model, together with build-outs required under existing agreements between adjacent systems, represent additional means to develop interregional transmission projects.³

² EIPC "rolls up" the regional models of its Planning Coordinator members to conduct interconnection-wide analyses.

³ EEI reported in October 2015 that investor owned electric utilities had spent \$73 billion over the past five

Finally, as a matter of regulatory process, it should be pointed out that Order No. 1000 introduced major changes for transmission providers in both ISO/RTO and non ISO/RTO regions when it was issued in July 2011. Interregional compliance filings were made during 2013, and the Commission issued numerous compliance orders through the end of 2015.⁴ Since Order No. 1000 has directed new inter-regional planning coordination requirements that are based upon the regional transmission planning processes of neighboring regions, implementation of these new interregional requirements is just getting underway in many parts of the Eastern Interconnection. Therefore, it is premature at this time to draw any conclusions regarding the effect of these new requirements on the development of interregional transmission facilities. Accordingly, FERC should continue to monitor the regions' progress in the implementation of interregional transmission coordination under Order No. 1000 and refrain from proposing any major changes at this time. EIPC stands ready to be an informational resource to the Commission and stakeholders in providing interconnection-wide data to support such monitoring.

2. What would be the advantages and disadvantages to the use of common models and assumptions by public utility transmission providers in regions in their interregional coordination processes? Are there problems that such an approach would solve or create? If such common models and assumptions could be developed, how should they be developed and by which entity or entities?

EIPC Response

While more uniformity in study assumptions and modeling used for interregional transmission coordination is a desirable goal, its achievement would be no small task due to the significant regional differences that exist across the Eastern Interconnection. "Assumptions" can refer to a wide array of values used in transmission planning, many of which can be highly variable in the longer term, depending on such variables as market/investment structures, jurisdictional preferences and uncertainty, network topology, and resource performance. The

years and projected spending over \$85 billion in the next four years for upgrades and replacement of transmission facilities, system hardening and resiliency, fundamental improvements to comply with evolving transmission reliability and compliance standards, expansion of the transmission system to integrate renewables and other generation. See <http://www.eei.org/issuesandpolicy/transmission/Pages/transmissionprojectsat.aspx>

⁴ Some regions have not yet received final orders from the Commission regarding their interregional planning compliance filings. See Midcontinent Independent System Operator, Inc., et al., Compliance Filing for Order No. 1000 Regarding Interregional Coordination with PJM, Docket Nos. ER13-1943-005, et al. (June 20, 2016) (pending Order No. 1000 interregional compliance filing concerning revisions to the Joint Operating Agreement between the Midcontinent Independent System Operator and PJM Interconnection, L.L.C.); PJM Interconnection, L.L.C., Order No. 1000 Interregional Compliance Filing, Docket Nos. ER13-1944-004, et al. (June 20, 2016) (same).

concept of standard assumptions may not be practicable or useful; however, the regions involved in Order No. 1000 interregional planning processes should be the forums to develop such assumptions in the first instance. EIPC can provide a useful forum for the coordination of assumptions or a range of assumptions for a specific targeted study purpose in the Eastern Interconnection.

Currently, the EIPC membership serves approximately 95% of the electric load in the Eastern Interconnection. In that regard, the EIPC has already established practices for data sharing to support the refinement of NERC network models into Eastern Interconnection wide study-specific power flow models which have been used for the past six years to inform the regional plans of its members and to analyze the bulk electric system in the Eastern Interconnection based upon mandatory reliability standards. The results of the EIPC's analysis can be found at www.eipconline.com. In addition, the EIPC is also in the process of developing a database for production cost analysis. Given NERC's modeling process and EIPC's considerable work through the system modeling roll-up process in harmonizing individual plans, the EIPC members do not see a need at this time for any additional effort to develop "common models."

3. Should the Commission revisit Order No. 1000's requirement that an interregional transmission facility be selected in the regional transmission plan of all transmission planning regions where the facility will be located before it is eligible for interregional cost allocation? Why or why not?

EIPC Response

Under Order No. 1000, the foundation for interregional planning coordination lies with the regional planning processes of the respective regions. Without the support of at least two regions, an interregional transmission project is unlikely to succeed. Requiring all regions where the project is located to select the project in their regional plan is appropriate and consistent with Order No. 1000's interregional cost allocation principles and should not be changed by the Commission.

4. What reforms, if any, could the Commission adopt to facilitate the identification of shared interregional transmission needs?

EIPC Response

The key to the identification of shared interregional transmission needs is the initial, periodic identification of the Regional needs and solutions, coupled with joint analysis through the interregional coordination process in the same general planning timeframe. This would enable stakeholders in adjacent Regions to consider if there are more efficient or cost effective

interregional solutions. This is a key component of the existing Order No. 1000 interregional planning requirements and should not be changed.

5. Do interregional cost allocation methods accepted by the Commission, such as the “avoided cost only” method, impede interregional transmission coordination? If so, are there alternative cost allocation methods that could better facilitate interregional transmission development? Would those methods be consistent with interregional transmission coordination processes or would the interregional transmission coordination processes need to change to accommodate such alternative cost allocation methods?

EIPC Response

EIPC notes that the avoided cost allocation methodology for interregional transmission projects, while not the only cost allocation methodology in use by EIPC members for interregional planning, is consistent with the interregional coordination processes of all the EIPC members. The avoided cost methodology is a transparent and defensible approach to determining if an interregional transmission project is more efficient or cost effective. EIPC also notes that the avoided cost methodology is aligned with the process by which a region examines the benefits of an interregional project through its own regional planning processes, each of which can then be harmonized through the applicable interregional cost allocation methodology.

IV. Conclusion

WHEREFORE, the EIPC respectfully requests that the Commission consider these comments in this proceeding.

Dated: October 3, 2016

Respectfully submitted,

/s/ Timothy E. Ponseti

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Rules of Practice and Procedure, 18 C.F.R. §385.2010.

Dated at Rensselaer, NY this 3rd day of October 2016.

/s/ Joy A. Zimmerlin

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