UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Interregional Transfer Capability Study: Strengthening Reliability Through the Energy Transformation	Docket No. AD25-4-000

LIMITED COMMENTS OF
TRANSMISSION ACCESS POLICY STUDY GROUP

The Transmission Access Policy Study Group ("TAPS") appreciates the opportunity to submit the following limited comments on the North American Electric Reliability Corporation's ("NERC") Interregional Transfer Capability Study ("ITC Study").[1] TAPS's comments focus on the aspects of the Study that the Commission should emphasize in its report to Congress.[2] These are:

(1) the Study's important finding that a "one-size-fits-all" approach to transfer capability is likely to be inefficient and ineffective; and

(2) the Study's significant caveats with regard to the Study's scope and methodology (including the omission of any consideration of economics) that necessarily limit the conclusions and recommendations that can be drawn from the Study.

[1] North American Electric Reliability Corporation Interregional Transfer Capability Study as Directed in the Fiscal Responsibility Act of 2023 (Nov. 19, 2024), eLibrary No. 20241119-5211 ("ITC Study Filing"). The actual ITC Study is included as Appendix A to the ITC Study Filing. *See also* Notice of Request for Comments (Nov. 25, 2024), eLibrary No. 20241125-3020; Interregional Transfer Capability Study: Strengthening Reliability Through the Energy Transformation, 89 Fed. Reg. 105790 (Dec. 27, 2024).

[2] Required by the Fiscal Responsibility Act of 2023, Pub. L. No. 118-5, 137 Stat. 10, Sec. 322 (2023).

TAPS also highlights the tools at the Commission's disposal that can significantly advance solutions to interregional transfer capability deficiencies in an efficient and cost-effective manner.[3]

I. INTEREST OF TAPS

TAPS is an association of transmission-dependent utilities ("TDUs") in thirty-five states promoting open and non-discriminatory transmission access.[4] As entities entirely or predominantly dependent on transmission facilities owned and controlled by others, TAPS members recognize the importance of a robust transmission grid, and have long been outspoken on the need for improved transmission and ways to get needed transmission built.[5] TAPS recognizes the critical roles played by an open, inclusive, and transparent planning process, and fair cost allocation, in achieving needed transmission expansion.

As municipal, cooperative, and investor-owned load-serving entities, TAPS members are responsible for providing reliable and affordable service to the consumers and businesses that rely on them and their members. Our paramount concern is reliable service at reasonable cost to consumers, consistent with Federal Power Act ("FPA") section 217(b)(4)'s[6] directive that the Commission facilitate the planning and expansion

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[3] TAPS is not, as an association, otherwise commenting on the ITC Study's methodology and recommendations, though individual TAPS members may do so.

[4] *See* TAPS, About Us, https://www.tapsgroup.org/about-us/ (last visited Jan. 23, 2025). Jane Cirrincione, Northern California Power Agency, is the TAPS Chair; Kevin Gaden, Illinois Municipal Electric Agency, is the Vice Chair. Tom Heller is TAPS's Executive Director.

[5] *See* TAPS, Effective Solutions for Getting Needed Transmission Built at Reasonable Cost (June 2004), https://www.tapsgroup.org/wp-content/uploads/2013/01/effectivesolutions.pdf ("TAPS 2004 White Paper").

[6] 16 U.S.C. § 824q(b)(4).

of the grid to meet the reasonable needs of load-serving entities to satisfy their service obligations.

In addition to actively participating in all previous Commission transmission planning rulemaking proceedings, TAPS filed extensive comments in the *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection* proceeding*,* Docket No. RM21-17, responding to both the Advance Notice of Proposed Rulemaking,[7] and the Notice of Proposed Rulemaking.[8] And TAPS filed comments in Docket No. AD23-3-000, following up on the Commission's December 5-6, 2022 workshop on whether and how the Commission could establish a minimum requirement for interregional transfer capability for public utility transmission providers in transmission planning and cost allocation processes.[9]

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[7] *Bldg. for the Future Through Elec. Reg'l Transmission Plan. & Cost Allocation & Generator Interconnection*, 176 FERC ¶ 61,024 (2021) ("ANOPR"). *See* Comments of Transmission Access Policy Study Group, *Bldg. for the Future Through Elec. Reg'l Transmission Plan. & Cost Allocation & Generator Interconnection,* Docket No. RM21-17-000 (Oct. 12, 2021), eLibrary No. 20211012-5388 ("TAPS ANOPR Comments").

[8] *See* Initial Comments of Transmission Access Policy Study Group, *Bldg. for the Future Through Elec. Reg'l Transmission Plan. & Cost Allocation & Generator Interconnection*, Docket No. RM21-17 (Aug. 17, 2022)*,* eLibrary No. 20220817-5183 ("TAPS Initial NOPR Comments"); Reply Comments of Transmission Access Policy Study Group*, Bldg. for the Future Through Elec. Reg'l Transmission Plan. & Cost Allocation & Generator Interconnection*, Docket No. RM21-17 (Sept. 19, 2022), eLibrary No. 20220919-5104 ("TAPS Reply NOPR Comments") (collectively, "TAPS NOPR Comments").

[9] Post-Workshop Comments of the Transmission Access Policy Study Group*, Establishing Interregional Transfer Capability Transmission Plan. and Cost Allocation Requirements*, Docket No. AD23-3-000 (May 15, 2023), eLibrary No. 20230515-5143 ("TAPS ITC Workshop Comments").

Communications regarding these proceedings should be directed to:[10]

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II. COMMENTS[11]

A. The Study finds that a "one-size-fits-all" approach is unlikely to result in the efficient, effective development of additional interregional transfer capability.

As the Commission prepares its report to Congress, TAPS urges the Commission to highlight the ITC Study's critical finding that "a one-size fits all requirement or approach to additional transfer capability is expected to be inefficient and ineffective,"[12] as reliability risks are highly dependent on regional conditions.[13]

For example, NERC recognizes that many factors need to be considered in assessing the need and value of increased transfer capability—such as, for example, the availability and adequacy of resources in neighboring regions.[14] It correctly observes that transfer capability could be ineffective if neighboring transmission planning regions "do

[10] TAPS requests that the Commission waive Rule 203(b)(3) of its Rules of Practice and Procedure, 18 C.F.R. § 385.203(b)(3), to allow each of the individuals listed below to be placed on the official FERC service list in order to avoid delays in receipt of notices and responses to pleadings.

[11] TAPS's limited comments address sections B (Overview of ITC Study Scope and Terminology); C (Transfer Capability Analysis (Part I)); and D (Recommendations for Prudent Additions to Transfer Capability (Part 2) and Recommendations to Meet and Maintain Transfer Capability (Part 3)).

[12] ITC Study Filing at 7-8. *See also* ITC Study Filing, App. A. (ITC Study) at xx ("A one-size-fits-all approach may not be effective in achieving the needed transfer capability").

[13] ITC Study Filing, App. A (ITC Study) at xx.

[14] *Id*.

not have sufficient surplus energy during the times of need."[15] Clearly, such critical factors would not be reflected in any across-the-board minimum interregional transfer capability requirement.

Accordingly, NERC concludes that "the study's findings do *not* support a universal minimum transfer capability."[16] Instead, each transmission planning region's "unique footprint should drive decision-making,"[17] enabling "region-specific enhancements to transfer capability."[18]

B. Significant caveats limit the conclusions that should be drawn from the ITC Study.

TAPS also urges the Commission to highlight in its report to Congress three important caveats to the Study that NERC expressly acknowledges:

- The Study recognizes that prudent additions to transfer capability are just "one approach to reducing vulnerability during extreme [weather]" and "these needs can be addressed in various ways."[19] For instance, grid vulnerability to extreme weather could be addressed via local resource additions (e.g., generation or storage or load flexibility) rather than increased transfer capability.[20] While explicitly recognizing that a broader set of solutions should be considered,[21] the Study makes clear that it did not consider such approaches.[22]
- The Study relied on future resource mix assumptions to develop its energy margin analysis (and to develop its identification of prudent additions).[23] But

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[15] *Id.*

[16] *Id.* (emphasis added).

[17] *Id.*

[18] ITC Study Filing at 3.

[19] ITC Study Filing, App. A (ITC Study) at viii.

[20] *See, e.g., id.* at xiii ("Transmission upgrades alone will not fully address all risks, and a broader set of solutions should be considered, emphasizing the need for local resources, energy efficiency, demand-side, and storage solutions. A diverse and flexible approach allows solutions tailored to each [Transmission Planning Region's ("TPR")] vulnerabilities, risk tolerance, economics, and policies.").

[21] *Id*.

[22] ITC Study Filing at 11.

[23] ITC Study, App. A. (ITC Study) at viii & n.13.

it recognizes that "[s]ignificant changes to the underlying assumptions could impact the energy margin analysis and, consequently, the identified prudent additions."[24] NERC explains that "[t]ransmission needs are heavily influenced by future resource assumptions" but "[d]ue to gaps in firm resource plans for 2033 in many areas," the Study had to establish "a future resource mix assumption based on available plans, ranging from certain to speculative resources."[25]

- And last, but certainly not least, the ITC Study expressly warns that is a "*not* a transmission plan or blueprint"[26] and explains that "[e]conomic analysis, cost-benefit evaluation, or financial modeling were *not* factors in determining prudent recommendations."[27] But, as NERC itself recognizes in the Study, "[e]conomic and project viability assessments are needed to fully understand cost implications, market impacts, siting and permitting challenges and further technical considerations"[28] associated with transfer capability enhancements. Thus, as NERC makes clear, the Study does not purport to be a "planning stud[y that] ensure[s] that electricity is generated, transmitted, and distributed in a cost-effective, reliable, and sustainable manner, while meeting environmental and regulatory requirements."[29]

These critical caveats and limitations—considered alone and especially when considered together—significantly restrict the conclusions and recommendations that can reasonably be drawn from the Study and the weight that they can be given. We urge the Commission to highlight each of them, along with their impact on the Study's findings and recommendations, in its report to Congress.

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[24] *Id.* at viii.

[25] *Id.*

[26] *Id.* at vii (emphasis added).

[27] *Id.* at viii (emphasis added). *See also id.* at xiv ("The analysis excludes cost-benefit assessments, meaning no economic or financial modeling was used in determining prudent recommendations"); and 11 ("Reliability, in the form of energy adequacy and operating reliability, is the sole focus of the [ITC Study] and aligns with the [Electric Reliability Organization] Enterprise scope and obligations, as well as the parameters defined in the Fiscal Responsibility Act.").

[28] *Id.* at viii.

[29] *Id.* at 11.

C. The Commission has tools that can significantly advance solutions to interregional transfer capability deficiencies in an efficient and cost-effective manner.

As the Commission considers its report to Congress, TAPS requests it keep in mind the robust tools at its disposal to ensure that interregional transfer capability is analyzed, evaluated, and addressed in the planning processes required under FPA sections 205 and 206.[30] Doing so could address important gaps identified in the ITC Study (see Part II.B above) and enable the development of plans for needed transmission to address interregional transfer capability in an efficient and cost-effective manner.

In particular, TAPS ITC Workshop Comments[31] urged the Commission to advance its interregional transfer capability objectives by modifying existing *regional* planning processes, so that they can effectively evaluate and address the need for *interregional* transfer capability and develop efficient and cost-effective solutions.[32] Post-Order 1920,[33] that concept could be updated to include incorporating interregional transfer capability needs in both the regional and Long-Term Regional Transmission Planning ("LTRTP") processes.

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[30] 16 U.S.C. § 824d; 16 U.S.C. § 824e.

[31] TAPS ITC Workshop Comments at 5-7 (describing how such incorporation of interregional transfer capability needs would work). These Comments urged against requiring the creation of new processes and institutions to undertake interregional planning at each interface, on top of intensive regional planning processes, would be time-consuming, a heavy lift, disruptive of other planning efforts, and likely counter-productive to the intended goals. *Id.* at 2.

[32] To be effective in non-regional transmission organization ("RTO") regions, the existing Order 1000 processes of those regions must also be reformed, as discussed in TAPS's Comments in the *Building for the Future* and *Transmission Planning and Cost Management* proceedings, referenced in n.8 above.

[33] *Bldg. for the Future Through Elec. Reg'l Transmission Plan. & Cost Allocation*, Order No. 1920 ("Order 1920"), 187 FERC ¶ 61,068, *on reh'g,* Order No. 1920-A, 189 FERC ¶ 61,126 (2024).

Both Order 1000[34] and Order 1920 require planning regions to consider certain needs. However, neither order specifically requires interregional transfer capability needs be identified, evaluated, and planned for in regional transmission planning processes. Requiring each region to identify, evaluate, and plan for interregional transfer capability needs could pave the way for significant efficient and cost-effective increases in transfer capability.[35] And regional plans that meaningfully address interregional transfer capability could invigorate existing interregional coordination by triggering the identification of interregional projects that could displace regionally planned projects and more efficiently and cost-effectively address ITC needs.[36]

The TAPS ITC Workshop Comments also highlighted the Commission's ability to build on existing regional planning institutions and interregional efforts that are showing promise. For example, the ***Midcontinent Independent System Operator, Inc. ("MISO")-PJM Interconnection, L.L.C. ("PJM") Targeted Market Efficiency Project ("TMEP")*** process—also known as the "Quick Hits" process—was created to provide relatively inexpensive and readily implementable solutions to address congestion along the MISO-PJM seam.[37] Since it has been in effect, this process has yielded significant

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[34] *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051 (2011) ("Order 1000"), *reh'g denied*, Order No. 1000-A, 139 FERC ¶ 61,132, *on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *review denied sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014) (per curiam).

[35] Such regional and LTRTP processes may be able to identify regional projects that will significantly increase ITC, even without the addition of new facilities by a neighboring region.

[36] *See* TAPS ITCS Workshop Comments at 5-7.

[37] *PJM Interconnection, L.L.C.*, 161 FERC ¶ 61,005, P 1 (2017). TAPS has previously urged expansion of the "quick hits" process as a means to facilitate effective incorporations of grid-enhancing technologies ("GETs"). *See, e.g.,* TAPS ANOPR Comments at 21-22 (a quick fix process could provide a good vehicle for open and transparent regional consideration of GETs along with quickly implementable conventional projects, producing more efficient and cost-effective approaches to provide timely congestion relief for consumers).

successes. As described in the filing to implement the TMEP process, the five initially selected Quick Hits projects were collectively estimated to have a total installed cost of $17.25 million and to avoid approximately $100 million in congestion costs over their first four years in service.[38] The three additional TMEPs approved since then were estimated to cost less than $5 million, while avoiding approximately $40 million in congestion costs during their first four years.[39] Except for a TMEP approved in March 2023, all of the projects have been completed.[40]

In addition, the Commission recently approved MISO and the Southwest Power Pool, Inc.'s ("SPP") ***Joint Targeted Interconnection Queue Framework ("JTIQ")***,[41] including the selection of five JTIQ Upgrades, all 345 kilovolt transmission projects, which "are expected to enable the interconnection of between 28 and 53 gigawatts (GW) of new generation capacity near the MISO-SPP seam at a total estimated cost of $1.7 billion"[42] (funding for about 25% of which will come from the Department of Energy).[43] In December 2024, the MISO and SPP Boards approved the JTIQ Upgrades, paving the way for their construction.[44]

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[38] *Id.* P 8.

[39] PJM Interconnection, L.L.C., Regional Transmission Expansion Plan, 2018, at 77 (Feb. 28, 2019), https://www.pjm.com/-/media/library/reports-notices/2018-rtep/2018-rtep-book-1.ashx; PJM Interconnection, L.L.C., RTEP 2022: Regional Transmission Expansion Plan at 73 (Mar. 14, 2023), https://www.pjm.com/-/media/library/reports-notices/2022-rtep/2022-rtep-report.ashx ("2022 RTEP Report"). The Powerton-Towerline project identified in the 2022 RTEP Report was approved by PJM in February 2023 (2022 RTEP Report at 72) and MISO in March 2023.

[40] Midcontinent Independent System Operator, Inc., MISO Transmission Expansion Plan (MTEP) In Service Project List 01/15/2025, https://cdn.misoenergy.org/MTEP In Service Projects106330.xlsx.

[41] *Midcontinent. Indep. Sys. Op. Inc.*, 189 FERC ¶ 61,108 (2024).

[42] *Id.* P 6.

[43] *Id.* P 7.

[44] *See, e.g.,* MISO, MISO Board Approves Historic Transmission Plan to Strengthen Grid Reliability (Dec. 12, 2024), https://www.misoenergy.org/meet-miso/media-center/2024/miso-board-approves-historic-transmission-plan-to-strengthen-grid-reliability/; Tom Kleckner, SPP Board Approves Need Dates for Last

CONCLUSION

The Commission should take these comments into account as it prepares its report to Congress.

Respectfully submitted,

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ITP Projects, RTO Insider (Dec. 10, 2024), https://www.rtoinsider.com/93733-spp-board-approves-need-dates-last-itp-projects/#:~:text=JTIQ%20NTCs%20Coming%20Soon,After%20$465M%20DOE%20Grant.