

**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
)	

**COMMENTS OF THE
NATIONAL ASSOCIATION OF STATE ENERGY OFFICIALS**

The National Association of State Energy Officials (“NASEO”) hereby submits these comments in response to the Notice of Proposed Rulemaking, entitled Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection, Docket No. RM21-17-000, issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) on April 21, 2022 (“NOPR”). NASEO represents the 56 governor-designated State Energy Office Directors leading the State Energy Offices in all the states, territories and the District of Columbia. These State Energy Offices lead the development of state energy planning and policy, working closely with their Governors and state legislatures. State Energy Offices advance practical energy policies, complete comprehensive state energy plans covering every energy production, distribution, and end-use sector, inform regulatory processes, engage with unregulated and regulated utilities and other energy providers on reliability and resilience issues, and support grid-related energy technology research, demonstration, and deployment investments. In partnership with the private sector, the State Energy Offices accelerate energy-related economic development and support meeting state energy affordability, reliability and climate goals through energy solutions that address their citizens’ needs and enhance physical and cyber energy security. In doing so, State

Energy Offices are crucial parts of long-term state energy planning, which encompasses considerations of resilience and reliability, workforce development, clean energy and environmental goals, and stakeholder and community engagement. In particular, State Energy Offices lead the development of State Energy Plans and in most states develop and implement the State Energy Security Plans (“SESP”), which include risk assessments and risk mitigation strategies.

NASEO supports the Commission’s direction and submits the following specific comments.

I. NOTICE AND COMMUNICATIONS

All communications, correspondence and documents related to this proceeding should be directed to the following persons and such persons should be placed on the official service list maintained by the Commission’s Secretary for this proceeding:

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II. COMMENTS

A. Updated Transmission Planning Requirements Need to Consider State Issues in a Comprehensive Manner

NASEO supports FERC’s stated objectives in promoting transmission expansion and a greater role for Regional Transmission Organizations (“RTOs”) and Independent System Operators (“ISOs”). FERC must recognize that successful implementation of transmission projects will require engagement beyond the regulatory sector. The state

public service commissions have a critical role and FERC's action in developing and moving forward with a Joint Federal-State Task Force on Electric Transmission is a welcome advancement of federal-state coordination on transmission planning and policy. However, FERC's engagement on these issues needs to include additional state agencies, such as State Energy Offices. State Energy Offices' policy development role for Governors typically mean they possess a longer-term vision of energy policy changes (e.g., electrification, increased renewable electricity standards) that would impact transmission projects in ways non-policy authorities, regional organizations, and utilities may not fully appreciate. For example, the benefits of this type of broader engagement were showcased in the Midwest Independent System Operator ("MISO") Multi-Value Project ("MVP") approved by FERC in 2011. In this project, Governors, their State Energy Offices, and other state policy leaders were involved early in the transmission planning process. The early engagement supported efforts to balance transmission costs with a wide range of state benefits including job creation, economic development, clean energy and other environmental considerations. The MVP effort culminated with the approval of 17 transmission projects, providing a convincing demonstration of the value of engaging stakeholders outside the traditional regulatory arena early in the process.

The value of broader stakeholder engagement and the role of State Energy Offices in leading this engagement also is reflected in many provisions of the Investment Infrastructure and Jobs Act of 2021 ("IIJA") (PL 117-58). Section 40109 of the IIJA requires the State Energy Offices to support transmission and distribution planning and to support local governments and tribes. State Energy Offices are authorized to help develop feasibility studies for transmission routes (and alternatives), to support project

design and permits, and to conduct outreach to stakeholders. This mandatory provision is an amendment to the Energy Policy and Conservation Act (42 U.S.C. 6322(c)). In addition, a number of other provisions of the IIJA outline roles for State Energy Offices which are relevant to FERC's work. The provisions include, but are not limited to: Section 40101 (Preventing outages and enhancing the resilience of the electric grid), with billions of dollars of funding for states, tribes and "eligible entities"; Section 40102 (Hazard mitigation using disaster assistance), which should be read in conjunction with the funding made available through the Building Resilient Infrastructure and Communities program – BRIC – operated by the Federal Emergency Management Agency ("FEMA"), which provides over \$1 billion in funding; Section 40103 (Electric grid reliability and resilience research, development, and demonstration); Section 40104 (Utility demand response) modifying the Public Utility Regulatory Policies Act of 1978 ("PURPA"); Section 40105 (Siting of Interstate electric transmission facilities); Section 40106 (Transmission facilitation program), which also includes billions in support; and Section 40107 (Deployment of technologies to enhance grid flexibility).

It is noteworthy that many of the responsibilities of the State Energy Offices included in the IIJA are designed to work in conjunction with new programs within the U.S. Department of Energy ("DOE"). DOE has created the new Grid Deployment Office, which coordinates with the DOE Office of Electricity. Both offices work closely with the State Energy Offices and the State Public Utility Commissions.

While we recognize that FERC is an independent agency, the work of DOE and the State Energy Offices, as well as State Public Utility Commissions, is crucial to achieving the goals of the NOPR. NASEO and the State Energy Offices have been

encouraged by Chairman Glick’s efforts to reach out to the states in an expanded effort at public engagement. The final NOPR should require a more extensive and formal effort on the part of the RTO/ISOs and FERC to engage with the State Energy Offices. This is necessary so that a more holistic set of policies can be included in any expanded set of FERC transmission policies. These considerations should include, but not be limited to, equity concerns (see below), the expansion of distributed generation, the expansion of circuits to accommodate electric vehicle (“EV”) infrastructure and usage, and a specific requirement that those entities seeking transmission expansion should also provide a specific explanation of actions undertaken to consult with State Energy Offices.

B. The Commission-Identified-Categories of Factors Expected to Drive Transmission Needs Should Include Addressing Equity Concerns and Considerations, Upgrading Existing Transmission Lines, and Use of Existing Right of Way

While the Commission outlines in its NOPR a number of criteria transmission providers should include in their forward-looking planning scenarios, NASEO encourages the Commission to expand this list and include these additional criteria and considerations:

- *Increased Energy Efficiency of Existing Transmission Lines.* Making existing transmission lines more energy efficient is an untapped potential to enhance the nation’s electricity grid. These potential technological upgrades should be considered in long-term transmission planning.
- *Equity and Energy Justice Considerations.* NASEO encourages the Commission to include equity and energy justice considerations in long-term transmission planning. Each project that is approved needs to include extensive stakeholder engagement with effected communities. State Energy Offices can play a lead role in this engagement.
- *Existing Rights of Way.* Great potential exists to co-locate new transmission lines with highway or railroad right of ways. Making consideration of these opportunities a requirement in long-term planning can provide additional support for implementation of transmission projects.

C. The Final NOPR Should Support the Implementation of All Grid Enhancing Technologies on the Electric Grid and Encourage Long-Term Evaluation of Technologies

NASEO supports the use of new and grid enhancing technologies on the electric grid. Solar, wind, energy storage, carbon capture utilization and sequestration, offshore wind, EVs, distributed energy resources (“DERs”), smart grid efforts, transmission switching, dynamic line ratings, advanced power flows, and use of grid-interactive efficient buildings are increasing, and new technologies are under development. In the NOPR, the Commission limited the technologies that must be considered in regional transmission planning and cost allocation to dynamic line ratings and advanced power flow control devices. NASEO recommends that additional grid enhancing technologies such as advanced conductors be incorporated into long-term planning analysis. The NOPR should require an analysis of how known and new technologies and approaches can be applied to both transmission upgrades and new transmission lines. This is not a question of jurisdiction, but a question of the use of technology, and the comparison of costs for different options. RTOs and ISOs should be required to consult with DOE, the State Energy Offices and the DOE National Laboratories on these technologies to ensure that they are incorporated into long-term planning.

NASEO urges FERC to set rules that will allow utilities to incorporate any of these technologies as part of long-term grid modernization strategies, preventing frequent replacements and thus additional costs for the consumers. Along that same vein, NASEO encourages FERC to include in the NOPR a requirement that those seeking to incorporate changes in the RTO/ISO controlled facilities be required to provide a statement analyzing

these new technologies and how they meet not only present challenges, but also those expected in 5, 10 and 25 years.

D. Additional Considerations

NASEO encourages the Commission to not lose sight of the need for the expanded role of the RTOs and ISOs, and the value of expanded wholesale markets. That is a critical piece of the puzzle of transmission enhancements, but those efforts should not be conducted in a vacuum. Additionally, the generator interconnection rules need to be streamlined, with model approaches and specific times frames for consultation, without which the interconnection queues will never be relieved. This is a necessary ingredient for a more reliable and cleaner electricity grid.

The Commission, in its oversight of the North American Electric Reliability Corporation (“NERC”) is quite mindful of reliability needs, but this activity must be more closely connected to not only cybersecurity needs, but also an “all-hazards” approach to energy security/energy emergency preparedness planning and response. This effort must include enhanced work supporting the FEMA-designated Emergency Support Function (“ESF”) – 12, in which DOE, the State Energy Offices and the State Public Utility Commissions are engaged. In fact, Section 40108 of the IIJA, requires enhanced work by the State Energy Offices in support of energy security planning, including in the utility sector.

III. CONCLUSION

NASEO appreciates the opportunity to submit these comments in support of the Commission’s NOPR. NASEO would also like to underscore the important role of the State Public Utility Commissions, and supports a strong, continued role for those

commissions and the National Association of Regulatory Utility Commissioners (“NARUC”). NASEO and all the State Energy Offices stand ready to work with FERC, DOE and the State Public Utility Commissions to improve the work of the RTOs and ISOs.

Dated: August 17, 2022

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'DTerry', with a long horizontal flourish extending to the right.

David Terry
Executive Director
NASEO

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing upon each of the parties shown on the official service lists compiled by the Secretary of the Commission by U.S. Mail and/or electronic service, as required by Commission regulations. Dated at Washington, D.C. this 17th day of August, 2022.

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