

**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**

**INITIAL COMMENTS OF THE ISO/RTO COUNCIL**

Pursuant to the Secretary’s May 25, 2022 Notice,<sup>1</sup> the ISO/RTO Council (“IRC”)<sup>2</sup> respectfully submits these initial comments regarding the Notice of Proposed Rulemaking (“NOPR”) issued in the above-captioned proceeding on April 21, 2022.<sup>3</sup>

**I. INITIAL COMMENTS**

In the NOPR, the Commission proposes changes to the existing regional transmission planning and cost allocation processes established under Order No. 1000.<sup>4</sup> These changes include, *inter alia*, broadening these processes to incorporate a long-term scenario-based transmission planning process that anticipates the transmission needs of the changing resource mix and demand,

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<sup>1</sup> *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Notice On Requests for Extension of Time (May 25, 2022) (“Upon consideration, notice is hereby given that the deadline to submit initial comments in response to the NOPR in this proceeding is extended from July 18, 2022 to and including August 17, 2022. Additionally, notice is hereby given that the deadline to submit reply comments is extended from August 17, 2022 to and including September 19, 2022.”) (“May 25, 2022 Notice”).

<sup>2</sup> The IRC comprises the following independent system operators (“ISOs”) and regional transmission organization (“RTOs”): Alberta Electric System Operator (“AESO”); California Independent System Operator (“CAISO”); Electric Reliability Council of Texas, Inc. (“ERCOT”); the Independent Electricity System Operator of Ontario, Inc. (“IESO”); ISO New England Inc. (“ISO-NE”); Midcontinent Independent System Operator, Inc. (“MISO”); New York Independent System Operator, Inc. (“NYISO”); PJM Interconnection, L.L.C. (“PJM”); and Southwest Power Pool, Inc. (“SPP”). ERCOT, AESO and IESO are not subject to the FERC’s jurisdiction and therefore do not join this filing.

<sup>3</sup> *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, Notice of Proposed Rulemaking, 179 FERC ¶ 61,028 (2022) (“NOPR”).

<sup>4</sup> *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff’d sub nom., S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

and provides the states with a greater role in the selection and funding of transmission facilities to meet identified needs. As discussed below, the IRC supports expanding planning processes to include long-term transmission planning, but respectfully requests that the Commission, in any final rule, provide each region flexibility to tailor a long-term planning construct that accommodates regional differences, so long as the construct accomplishes Commission-stated long-term planning principles, objectives, and parameters.

The NOPR represents the Commission's first step toward addressing what it has identified as certain deficiencies in the existing regional transmission planning and cost allocation processes. According to the NOPR, these processes are deficient insofar as they fail to plan on a sufficiently long-term basis for the transmission needs of the evolving resource mix and demand, account for factors driving these needs, and consider a broader set of benefits and beneficiaries of regional transmission facilities to meet the needs. To remedy these deficiencies, the NOPR proposes, *inter alia*, to require that public utility transmission providers, including Independent System Operators ("ISOs") and Regional Transmission Organizations ("RTOs"), conduct long-term planning for public policy-based transmission needs of the changing resource mix and demand. The NOPR would require transmission providers to conduct long-term planning over a 20-year horizon in addition to the existing near-term reliability and economic-based planning processes, which the NOPR proposes to leave intact. Long-term planning may replace the Order No. 1000 public policy planning processes.

The IRC supports a final rule that authorizes transmission planners to enhance existing planning processes to include long-term planning for needs driven by changes in system demand and resources using future scenarios for determining transmission expansion needs and evaluating a broader set of benefits and associated costs of solutions. Many IRC members already engage in

long-term planning, through their respective planning processes, or have ongoing initiatives to develop long-term planning procedures responsive to the needs of the region. For example:

- MISO is planning for the transmission system of the future through its Long-Range Transmission Plan (“LRTP”), which proactively identifies future transmission needs using twenty-year forward looking models and three scenarios. In late July, MISO’s Board of Directors approved \$10.3 billion in transmission investment as part of LRTP’s Tranche 1, MISO’s first of four planned tranches.
- NYISO conducts transmission planning to meet public policy needs based on 20-year forward-looking models and evaluates solutions using multiple scenarios representing different transmission system conditions.<sup>5</sup>
- The CAISO conducts annual transmission planning that must “reflect a planning horizon covering a minimum of ten (10) years.”<sup>6</sup> In parallel with its 2021-2022 annual transmission planning cycle, the CAISO undertook a 20-year outlook for the CAISO grid and issued its first 20-Year Transmission Outlook in May 2022.<sup>7</sup> The CAISO has also initiated a stakeholder process to enhance its processes and coordination with the California Energy Commission and California Public Utilities Commission to support project approvals beyond the 10-year horizon.<sup>8</sup>
- PJM’s Regional Transmission Expansion Planning (“RTEP”) process encompasses a 15-year horizon allowing it to determine transmission needs driven by load growth, capacity resource adequacy, generation resource integration, market efficiency, public policy, operational performance requirements, generation deactivation, and broader generation development patterns, including renewable resources and storage technologies under development across the PJM Region. In conducting the 15-year ahead analysis, PJM identifies any reliability violations on the PJM system that may require an upgrade for years 6 through 15. These long-term cases are used to evaluate the need for more significant projects, allowing sufficient time to identify, plan, and obtain siting and permitting approval and to construct regional transmission

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<sup>5</sup> See NYISO Open Access Transmission Tariff, Section 31.4.

<sup>6</sup> CAISO tariff section 24.2.

<sup>7</sup> [20-Year Transmission Outlook-May 2022 \(caiso.com\)](https://www.caiso.com/20-Year-Transmission-Outlook-May-2022)

<sup>8</sup> [Issue Paper-Transmission Planning Process Enhancements.pdf \(caiso.com\)](https://www.caiso.com/Issue-Paper-Transmission-Planning-Process-Enhancements.pdf)

facilities. Since inception of its RTEP process in 1997, the PJM Board has approved upgrades totaling over \$38 billion.

- SPP develops an annual regional transmission plan through its Integrated Transmission Planning Assessment that evaluates system needs for a ten-year planning horizon. SPP also conducts a 20-Year Assessment at least once every 5 years to identify possible transmission upgrades that may be used in future planning studies by looking at a 20-year planning horizon.
- ISO-NE conducts regional system transmission planning that reflects a 10-year planning horizon as part of its Regional System Planning Process (“RSP Process”).<sup>9</sup> The RSP Process also authorizes ISO-NE’s conduct of scenario-based Longer-Term Transmission Studies that may extend beyond the 10-year planning horizon to identify transmission infrastructure (and associated cost estimates) that would be required to further regional public policy objectives, such as changes in the resource mix and demand reflected in state laws and policies.<sup>10</sup> Tariff rules to enable a state or states selection of transmission infrastructure to address system concerns identified in these longer-term studies, and establish associated funding mechanism are underway.

However, on certain issues, the NOPR is overly prescriptive in the level of detail required to conduct long-term planning.<sup>11</sup> In their individual comments, IRC members are identifying the NOPR proposed requirements that are overly prescriptive and disruptive given the particular circumstances in their region, but offer some commonly-identified areas here. For example, the Commission proposes to specify the implementation requirements for developing the long-term scenarios, inputs, and assumptions to be used in long-term planning studies. Among these, the Commission proposes to require that public utility transmission providers incorporate “federal, state, and local laws and regulations that affect the future resource mix and demand” and “federal,

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<sup>9</sup> See ISO-NE Open Access Transmission Tariff, Attachment K, [https://www.iso-ne.com/static-assets/documents/2021/07/sect\\_ii\\_att\\_k.pdf](https://www.iso-ne.com/static-assets/documents/2021/07/sect_ii_att_k.pdf) (“ISO-NE-OATT”).

<sup>10</sup> See *id.* at ¶ 16. See also *ISO New England Inc.*, 178 FERC ¶ 61,137 (2022) (accepting Longer-Term Transmission Studies procedures).

<sup>11</sup> See NOPR at P 66.

state, and local laws and regulations on decarbonization and electrification.”<sup>12</sup> Moreover, the NOPR would require transmission planners to assume the full achievement of all laws and regulations in planning their systems. Given the sheer number and diversity of local jurisdictions within the footprints of IRC members, the practical challenges of identifying, monitoring, and incorporating all applicable “local laws and regulations” are significant. Determining how overlapping and potentially conflicting legal requirements could be simultaneously fully achieved through transmission improvements would be daunting at best.

In addition to proposing prescriptive requirements, the Commission proposes to require that each public utility transmission provider’s compliance filing demonstrate that it meets the specific requirements included in a final rule. The proposed rule is very focused on process, but needs to provide more clarity on how these processes produce actionable results. Without discretion to adapt the scenarios, factors, and benefits to regional circumstances, the final rule could end up leading to *more* conflict, rather than useful transmission planning for needed infrastructure. Instead of prescribing detailed procedures, the IRC believes that the final rule should state high-level, long-term planning principles that transmission planners must consider, and then authorize them to craft their own processes that are tailored to their regional needs.

Although there may be some benefits to commonality in approaches across regions, mandating a strictly uniform or overly prescriptive approach may cause unintended consequences, and may not be necessary or appropriate to advance the Commission’s objectives for long-term planning. As the NOPR recognizes, IRC members are engaged in long-term planning through procedures in their tariffs as well as business procedures, manuals, or practices developed in response to regional needs. For example:

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<sup>12</sup> *Id.* at P 104 (emphasis added).

- MISO has successfully invested in the transmission system of the future through its LRTP Tranche 1 projects. The process used in the LRTP initiative is substantially different than the process used in MISO’s previous MVP portfolio, which demonstrates the need for IRC members to be able to retain flexibility in their own Tariffs.
- ISO-NE, in response to the New England states’ request, incorporated in its tariff the Longer-Term Transmission Study process that enables the states to request that the ISO conduct long-term scenario-based transmission planning studies on a regular basis. ISO-NE has made significant progress with the first Longer-Term Transmission Study under these rules – the 2050 Transmission Study. This particular study will identify the transmission infrastructure (and associated cost estimates) that would be required to reliably serve peak loads in 2035, 2040, and 2050, using state-identified future resource and load scenarios that reflect state decarbonization policies.<sup>13</sup>
- The NYISO also closely coordinates with its state policy makers in identifying needs and reviewing projects, and has and will select transmission projects driven by state energy and environmental laws.
- PJM’s State Agreement Approach (“SAA”) process, codified in its Operating Agreement, Schedule 6, section 1.5.9, provides a means by which a state (or states) can include their public policy requirements in PJM’s planning parameters and voluntarily agree to develop the necessary transmission under PJM’s RTEP process to achieve these policies. Through this process, PJM’s existing transmission planning processes consider the potential for more efficient or cost-effective transmission options to meet transmission needs driven by public policy requirements and other state renewable procurement goals. Under the SAA, the state(s) ultimately selects the transmission solution that it believes best addresses its public policy goals.

Affording regional flexibility is critical to allow IRC members to customize long-term planning procedures that build on (not undermine) prior achievements or continue (not disrupt) ongoing initiatives.

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<sup>13</sup> Presentations on the 2050 Transmission Study are available on the ISO-NE website at <https://www.iso-ne.com/system-planning/transmission-planning/longer-term-transmission-studies/>.

As the NOPR recognizes,<sup>14</sup> the IRC members are in a unique position in that each has to implement the NOPR's proposed requirements in a manner that can be successful within its single- or multi-state region, and each faces unique challenges and needs. Overly-prescriptive requirements for long-term planning against which the Commission will assess the compliance filings could inhibit the ability to customize procedures to those particular challenges and needs.

For example:

- In the context of Order No. 1000 compliance, the Commission extended flexibility to design elements of the planning process. Yet it placed affirmative obligations on transmission providers, which precluded ISO-NE's compliance proposal (developed collaboratively with the New England states, stakeholders, and participating transmission owners) that provided for the states to take a central decision-making role in public policy based decisions. Despite regional agreement on that, the Commission rejected the proposal on the basis that Order No. 1000 placed the affirmative obligations on the transmission providers.<sup>15</sup> As a result, the New England states have declined to identify any state or federal policies as driving transmission needs for consideration under ISO-NE's Order No. 1000 public policy planning provisions. Instead, the states have elected to pursue their objectives through clean energy procurements partly facilitated by the interconnection process.
- In its annual transmission planning process, the CAISO utilizes the resource portfolios developed by the California Public Utilities Commission ("CPUC") in its integrated resource planning proceeding to assess reliability and public policy needs and approve projects to meet those needs. These resource portfolios identify potential resource locations and quantities and represent the expected outcome of load serving entity procurement activity. The CAISO's coordination with the CPUC in this manner has been highly effective and efficient, and minimized the risk of stranded investment. The CAISO is concerned, however, that the NOPR's proposal to require transmission planners to undertake all of the activities associated with identifying geographic zones will undermine this collaborative effort that has worked effectively and will impose unnecessary burdens and costs on the CAISO.

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<sup>14</sup> See NOPR at P 152.

<sup>15</sup> See *ISO New England Inc.*, 150 FERC at PP 107-134, 326-335, 340-344.

The Commission should avoid replicating the pitfalls of Order No. 1000. As proposed in the NOPR, authorizing greater coordination with states in a final rule, while acknowledging areas where existing coordination is sufficient, could help avoid similar outcomes in the future.

The high degree of detail that the NOPR proposes for inclusion in the tariff on certain issues (referenced above) also is not necessary to advance the long-term planning objectives, and could potentially lead to complex, lengthy compliance filing efforts and protracted litigation, similar to those experienced in connection with Order No. 1000. For example:

- ISO-NE is presently conducting the 2050 Transmission Study, which comprises scenario analysis based on state-identified scenarios, inputs, assumptions, and timeframe. The tariff rules establishing the procedures for Longer-Term Transmission Studies generally describe the process, and the derivation of the scenarios, inputs and assumptions for use in the studies, but do not specify the implementation details. Those details are appropriately left for inclusion implementing procedures and manuals, consistent with the Commission’s “rule of reason” standard.<sup>16</sup>

The IRC proposes that the Commission provide each transmission planner flexibility as to how to incorporate long-term planning goals in their tariffs and procedures, to formulate processes necessary to achieve those goals (involvement of states and stakeholders, transparency, etc.) in their tariffs and manuals tailored to their regional needs, and without disturbing their existing transmission planning processes. The Commission could monitor progress on entities meeting those goals through periodic reports submitted by the transmission planners to the Commission.

Accordingly, for purposes of a final rule, the IRC requests that the Commission provide planning regions with the authority and the flexibility to implement long-term planning tailored to

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<sup>16</sup> *City of Cleveland v. FERC*, 773 F.2d 1368, 1376 (D.C. Cir. 1985) (“As we observed earlier, there is an infinitude of practices affecting rates and service. The statutory directive must reasonably be read to require the recitation of only those practices that affect rates and service significantly, that are realistically susceptible of specification, and that are not so generally understood in any contractual arrangement as to render recitation superfluous.”).



the needs of their regions, and not establish an overly-prescriptive set of requirements or compliance points. The IRC recommends that the Commission instead establish clear principles, objectives, and parameters for long-term planning that address the Commission's concerns as part of a statement to be included in tariffs as a compliance requirement, and accord each region flexibility to develop a long-term planning approach in their procedures (embodied in manuals or tariffs if the region so chooses) that best suits the needs of the region, so long as it meets the stated principles, objectives, and parameters. For example, the Commission could require transmission planners to use multiple scenarios in long-term planning scenario analysis, but not specify a minimum and maximum number of scenarios for use in the studies, leaving that instead for the regions to determine. Moreover, the final rule could direct transmission planners to consider interconnection as a driver of long-term transmission needs on a forward-looking basis, rather than the NOPR's proposed backwards-looking process based on previously identified upgrades in the generator interconnection process that were not built.

## II. CONCLUSION

For the foregoing reasons, the IRC respectfully requests that the Commission accept these comments for consideration in this proceeding.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this 17<sup>th</sup> day of August, 2022 caused a copy of the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

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