

December 8, 2023

The Honorable Willie L. Phillips, Chairman
The Honorable James Danly, Commissioner
The Honorable Allison Clements, Commissioner
The Honorable Mark C. Christie, Commissioner

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

Re: Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (Docket No. RM21-17-000)

Dear Chairman Phillips and Commissioners Danly, Clements, and Christie,

The Commission is in a pivotal position to ensure Americans have equitable, affordable access to energy, secure our grid's future reliability, and accelerate the transition to clean generation and advanced grid technologies. We urge FERC to finalize and issue a strong new regulatory framework for transmission planning and cost allocation as quickly as possible. Our economy and our climate cannot afford inaction.

Transmission is key to lowering Americans' electricity bills. Improving transmission is often more cost-effective than building new generation, a cost savings that is passed on to consumers. Smart transmission planning increases connectivity between areas with high power needs and lower-cost generation sources, lowering overall electricity costs and reducing price volatility. Furthermore, a transmission planning rule that addresses all the benefits of transmission will ensure that transmission is planned efficiently and that investments are made in a way that maximizes cost-savings for consumers.

A strong transmission planning rule is essential for ensuring grid reliability, particularly in the face of increased extreme weather. Expanding the grid and upgrading existing transmission systems will increase resilience to extreme weather events including prolonged heat and cold, reducing the likelihood of power outages and increasing the grid's ability to withstand periods of high load. As extreme weather intensifies in the coming decades, forward-looking transmission planning that increases inter-regional connection and diversifies the generation mix will save countless lives.

The United States has never had a more promising outlook for deploying clean energy and grid enhancing technologies to reduce carbon emissions from the power sector and grow a clean energy economy. The Inflation Reduction Act (IRA) has already driven announcements of nearly 185 GW of clean energy generation projects and 83 clean energy manufacturing facilities - totaling \$271 billion in investment. These announcements reveal the IRA's potential to shift clean energy supply chains to the United States, boosting our domestic economy while slowing the rate of destructive climate change.

Despite the IRA's clean energy incentives and numerous other state and utility clean energy commitments, the nation's transmission infrastructure is inadequate to facilitate the current energy transition. The Commission's Order No. 2023, which significantly reduces interconnection barriers, addresses only part of the problem. Grid regions simply are not planning for the regional and interregional transmission necessary to enable the clean energy transition and strengthen the resilience and reliability of our bulk power system.

A strong transmission planning and cost allocation rule is essential to ensuring the rapid deployment of affordable, reliable, and clean energy. It is also essential to ensuring that transmission planning, including reliability and consumer impacts, consider the costs and benefits to minority and low-wealth communities. The Commission has thoroughly vetted all the issues with stakeholders, states, and the public through its July 2021 Advanced Notice of Proposed Rulemaking, the May 2022 Notice of Proposed Rulemaking, and seven meetings of the Joint Federal-State Task Force on Electric Transmission. It has collected thousands of pages of comments from stakeholders across the spectrum. FERC undertook these reforms to "remedy deficiencies in the Commission's existing regional transmission planning and cost allocation requirements," and it must ensure that its final rule is strong enough to do so.

The electric industry is undergoing a major transformation driven by consumer, utility, and corporate preferences, state public policies, and the cost-competitiveness of renewable energy. The Commission's transmission planning and cost allocation standards must be up to the challenge of enabling this transition while ensuring the continued provision of reliable and affordable electricity at just and reasonable rates. We therefore urge the Commission to adopt a strong final rule including at a minimum the following elements:

- **Transmission planning must plan over the long term and consider multiple scenarios.** Transmission should be planned to meet the expected future resource mix, as indicated by consumer demand and state, local, and federal public policy incentives and directives. Transmission providers must perform long-term (at least 20-year), forward-looking assessments of supply and demand levels. They must set a baseline for factors and inputs that must be included in scenarios, including planning for state clean energy laws and policies, scenarios with high renewable penetration, and higher demand for electricity due to electrification.
- **Transmission planners must plan for all the benefits of transmission.** Scenarios must evaluate all benefits that transmission projects would deliver and use these assessed benefits as a basis for project selection. This must include all economic benefits, such as congestion relief and generation and transmission cost optimization, as well as reliability and resilience benefits.
- **Cost allocation standards must be clear and certain.** FERC must ensure that any cost allocation methodology agreed to by states complies with the "beneficiary pays" principle by showing that the methodology considers all quantifiable benefits of transmission. The Commission also should create a default cost allocation policy that meets this same standard to be applied if the relevant states cannot come to agreement. FERC needs to have a default cost allocation policy as a backstop so that arguments over

cost allocation do not lead to undue delays in planning for and building new transmission.

A robust rule with these features will hold electricity bills down, ensure reliability, keep people safe during extreme weather, and accelerate progress towards a clean energy economy. The consequences of continued inaction cannot be overstated. We stand ready to work with you to help finalize a strong regional transmission and cost allocation planning rule.

Signed,

Advanced Energy United

American Clean Power Association

Clean Air Task Force

Earthjustice

Environmental Defense Fund

Evergreen Action

Fresh Energy

Interwest Energy Alliance

League of Conservation Voters

National Wildlife Federation

Natural Resources Defense Council

Northwest Energy Coalition

Rewiring America

Sierra Club

Southern Environmental Law Center

The Environmental Law & Policy Center

Union of Concerned Scientists

WE ACT for Environmental Justice

Western Resource Advocates