

## Staff Briefing Papers

Meeting Date August 11, 2022

Company

Docket No.

**In the Matter of the Federal Energy Regulatory Commission (FERC) Proposed Rulemaking on Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection, FERC Docket No. RM21-17-000**

Issues

1. Should the Minnesota Public Utilities Commission file comments in FERC Docket No. RM21-17-000?
2. Should the Minnesota Public Utilities Commission support comments by Organization of MISO States (OMS) in FERC Docket No. RM21-17-000?
3. Should the Minnesota Public Utilities Commission delegate its final approval of OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan?
4. Should the Minnesota Public Utilities Commission delegate its approval of subsequent OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan?

Staff

Hwikwon Ham

Hwikwon.ham@state.mn.us

651-201-2253



### Relevant Documents

Date

FERC Notice of Proposed Rulemaking

April 21, 2022

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us) for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

## I. Statement of the Issues

1. Should the Minnesota Public Utilities Commission file comments in FERC Docket No. RM21-17-000?
2. Should the Minnesota Public Utilities Commission support comments by Organization of MISO States in FERC Docket No. RM21-17-000?
3. Should the Minnesota Public Utilities Commission delegate its final approval of OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan?
4. Should the Minnesota Public Utilities Commission delegate its approval of subsequent OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan?

## II. Background

On April 21, 2022, the Federal Energy Regulatory Commission (“FERC”) issued its *Notice of Proposed Rulemaking* (“NOPR”) regarding regional transmission planning, regional cost allocation, and generator interconnection.

FERC proposes to reform both the pro forma Open Access Transmission Tariff and the pro forma Large Generator Interconnection Agreement to remedy deficiencies in the FERC’s existing regional transmission planning and cost allocation requirements.

Specifically, the proposal would require public utility transmission providers to:

- (1) conduct long-term regional transmission planning on a sufficiently forward-looking basis to meet transmission needs driven by changes in the resource mix and demand;
- (2) more fully consider dynamic line ratings and advanced power flow control devices in regional transmission planning processes;
- (3) seek the agreement of relevant state entities within the transmission planning region regarding the cost allocation method or methods that will apply to transmission facilities selected in the regional transmission plan for purposes of cost allocation through long-term regional transmission planning;
- (4) adopt enhanced transparency requirements for local transmission planning processes and improve coordination between regional and local transmission planning with the aim of identifying potential opportunities to “right-size” replacement transmission facilities; and
- (5) revise their existing interregional transmission coordination procedures to reflect the long-term regional transmission planning reforms proposed in this NOPR.

In addition, FERC’s proposal would prevent public utility transmission providers from taking advantage of the construction-work-in-progress incentive for regional transmission facilities selected for purposes of cost allocation through long-term regional transmission planning. The proposal would permit the exercise of federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, conditioned on the incumbent transmission provider with the federal right of first refusal for such facilities establishing joint ownership of the transmission facilities.

Initial comments are due by August 17, 2022, and reply comments are due by September 19, 2022.

### **III. Staff Analysis**

Under the NOPR transmission providers (TPs) such as Midcontinent Independent System Operator (MISO) would be required to conduct regional transmission planning on a sufficiently long-term, forward-looking basis to meet transmission needs driven by changes in the resource mix and demand. Also, TPs would be required to identify transmission needs through multiple long-term scenarios that incorporate a minimum set of factors, such as federal, state, and local laws and regulations that affect the future resource mix and demand; trends in technology and fuel costs; resource retirements; generator interconnection requests and withdrawals; and extreme weather events.

The NOPR also provides guidelines on how to consider the benefits of transmission projects in the planning process. Under the NOPR, TPs would be able to consider a proposed list of broader benefits of regional transmission facilities to meet these long-term transmission needs for the purposes of selection and cost allocation, and would be required to establish transparent and not unduly discriminatory or preferential criteria which seeks to maximize benefits to consumers over time without over-building transmission facilities and to select transmission facilities in the regional plan for purposes of cost allocation that address these long-term transmission needs.

In addition to guidelines on benefits, the NOPR provides guidelines on regional transmission cost allocation.

Under the NOPR, each TP would be required to seek the agreement of relevant state entities within the transmission planning region regarding the cost allocation for transmission facilities selected as part of long-term regional transmission planning. Each TP would be required to establish a cost allocation method for transmission facilities selected as part of long-term regional transmission planning that is an ex ante cost allocation method, State Agreement Process by which one or more relevant state entities may voluntarily agree to a cost allocation method, or a combination thereof.

Also, the NOPR proposes to amend Order No. 1000 to permit the exercise of a federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, conditioned on the incumbent transmission provider establishing joint ownership of those facilities.

In order to provide reliable electric service to the people of Minnesota at reasonable cost, well planned distribution, transmission, and generation systems are needed. Therefore, a final rule based on the NOPR can have a significant impact on Minnesota.

Staff recommends the Commission intervene and file substantive comments to protect Minnesota's interest. Staff has prepared joint comments with the Department of Commerce for consideration.

Also, Organization of MISO States will be filing comments to FERC. As a member of OMS, MPUC staff participated in preparation of the OMS comments. OMS is scheduled to vote on the draft comments on August 11 during its scheduled board meeting.

#### **IV. Decision Options**

##### **A. The MPUC could:**

1. File comments in FERC Docket No. RM21-17-000.
2. Support the OMS comments in FERC Docket No. RM21-17-000.
3. Delegate final approval of the OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan.
4. Delegate final approval of subsequent OMS comments in FERC Docket No. RM21-17-000 to Commissioner Sullivan.
5. Take no action.

**Staff recommendation:** 1, 2, 3, 4