

Competitive Transmission Development Technical Conference

Docket No. AD16-18-000

June 27-28, 2016

REVISED Agenda

Day 2 – June 28, 2016

9:00 am – 11:00 am: **Panel 3: Transmission Incentives and Competitive Transmission Development Processes**

Transmission developers whose projects have been selected in a regional transmission plan for purposes of cost allocation or who have been selected to be eligible to use the regional cost allocation method for a specific transmission project have requested transmission incentives for their projects, raising questions about the interaction of a transmission developer's cost containment provisions and the Commission's transmission incentives policies. Further, some nonincumbent transmission developers have requested pre-approval of certain transmission incentives in advance of being selected in a regional transmission plan for purposes of cost allocation. Competitive transmission development processes thus may present certain considerations for the Commission's transmission incentives policy.

Panelists should be prepared to discuss, at a minimum, the following topics and questions:

- As a threshold matter, are transmission incentives necessary and appropriate to encourage transmission developers to participate in competitive transmission development processes? If so, explain why. Discuss the benefits to customers that result from competitive transmission development processes and attendant incentives and explain why those benefits would not result without the incentives.
- When crafting a transmission proposal, how do transmission developers view and consider the relationship between cost containment provisions and transmission incentives? What risks do transmission developers undertake when proposing cost containment provisions? Outside of transmission incentives, how can transmission developers mitigate these risks? From the perspective of those paying the transmission rates, is the composition of the rate important (capital costs, return on equity (ROE), and operations and maintenance costs) or do customers care only about the resulting revenue requirement?
- Should a transmission developer that voluntarily commits to cost containment provisions when submitting its proposal in a competitive transmission development process be eligible to receive a ROE adder or other transmission

incentives to address the risks associated with the cost containment aspect of the proposal? How is the risk of agreeing to a cost containment provision related to an increase in ROE? How do cost containment provisions relate to the Commission's standard for measuring risks and challenges for purposes of evaluating requests for an ROE adder or other transmission incentives?¹ What, if any, changes are needed to the framework the Commission uses to evaluate ROE adders and other transmission incentives for transmission projects with cost containment provisions?

- Should the Commission consider a proposal where a transmission developer requests a conditional ROE adder to be applied if the base ROE was to drop below a certain level, effectively creating a ROE floor? If so, what changes to the transmission incentives policies would be necessary to consider such proposal?²
- Are alternatives to the existing ROE adders more appropriate for transmission projects subject to competitive transmission development processes? If so, how should such alternatives be designed? Can non-ROE incentives be tailored to mitigate risks associated with competitive transmission development processes? What should transmission developers be required to demonstrate to qualify for such non-ROE incentives?
- Are there ways to revise the transmission incentives policy to enhance the level of competition among transmission developers in competitive transmission development processes? For example, should the Commission allow transmission incentives that would apply to any rate resulting from a competitive transmission development process?
- Do transmission planning regions consider that a transmission developer may request and be awarded transmission incentives when evaluating transmission proposals and, if so, how? For example, how would a transmission planning region consider a proposal with a potential transmission incentive given that the incentive might or might not be granted?

¹ See *Promoting Transmission Investment through Pricing Reform*, 141 FERC ¶ 61,129 (2012) (Policy Statement).

² *Id.*

Panelists (Panel 3):

- Peggy Bernardy, California Department of Water Resources
- George Dawe, Duke-American Transmission Company
- Paul Dumais, AVANGRID Service Co.
- Joseph Kelliher, NextEra Energy, LLC
- Stuart Nachmias, New York Transco
- Raja Sundararajan, American Electric Power
- Lawrence Willick, LS Power

11:00 pm – 12:15 pm: Lunch

12:15 pm – 2:15 pm: Panel 4: Interregional Transmission Coordination Issues

Panel 4 is intended to set the stage for understanding key interregional transmission coordination and competitive transmission development issues. A variety of stakeholders in different areas have raised issues related to interregional transmission coordination under Order No. 1000. Below is a list of some illustrative questions and issues related to interregional transmission coordination that the Commission may want to explore in the future. In Panel 4, the Commission requests industry input regarding which of these or other relevant interregional transmission coordination issues may be appropriate for further consideration.

- What is the current state of implementation of interregional transmission coordination processes?
- To what extent, and how, do existing interregional transmission coordination requirements assist or hinder the identification of the need for interregional transmission facilities?
- Are pairs of regions the most appropriate geographic scope for addressing challenges associated with interregional transmission development?
- How do the interregional transmission coordination processes interact with and relate to the regional transmission planning processes? How can the existing interregional transmission coordination requirements be modified (or re-envisioned) to foster interregional transmission development?
- Have the interregional transmission coordination requirements affected how neighboring transmission planning regions communicate and consider issues related to regional transmission needs that might be better addressed with interregional transmission facilities?

- When assessing the need for interregional transmission facilities, what processes are in place to ensure that the system models, supporting data, enabling assumptions, and scenarios used are current and consistent?
- Is the requirement that an interregional transmission facility be selected in the regional transmission plan for purposes of cost allocation of both of the transmission planning regions in which it is proposed to be located creating a significant barrier to developing beneficial interregional transmission projects?
- What interregional competitive transmission development processes have been created to select interregional transmission projects? Are there challenges posed by the organization and management of such processes?

Panelists (Panel 4):

- John Buechler, New York Independent System Operator
- Jennifer Curran, Midcontinent Independent System Operator
- Gary DeShazo, California Independent System Operator
- Maury Galbraith, Western Interstate Energy Board
- Steve Gaw, Wind Coalition
- Dennis Kramer, Ameren Services Company/MISO Transmission Owners
- Robert McKee, American Transmission Co./WIRES
- Carl Monroe, Southwest Power Pool
- Angela Weber, Commissioner, Indiana Utility Regulatory Commission/Organization of MISO States

2:15 pm – 2:30 pm: **Break**

2:30 pm – 4:30 pm: **Panel 5: Regional Transmission Planning and Other
Transmission Development Issues**

Panel 5 is intended to set the stage for understanding key regional transmission planning and transmission development issues. Various stakeholders have raised issues relating to regional transmission planning and transmission development processes, both relating to Order No. 1000 implementation and compliance more generally. In Panel 5, the Commission requests industry input regarding which issues may be appropriate for further consideration.

Panelists (Panel 5):

- Michael Calviou, National Grid
- Donald L. Gulley, Southern Illinois Power Cooperative/National Rural Electric Cooperative Association
- Steven Herling, PJM Interconnection, L.L.C.
- Matthew Holtz, Northern Indiana Public Service Co.
- Heather Hunt, New England States Committee on Electricity
- John Lucas, Southern Company Transmission/ Southeastern Regional Transmission Planning
- Omar Martino, EDF Renewable Energy
- Paul Suskie, Southwest Power Pool

4:30 pm – 5:00 pm: Closing