



SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Division Director

October 27, 2023

Sarah Edmonds, President and CEO
Western Power Pool
7525 NE Ambassador Pl, Suite M
Portland, OR 97220

Re: Western Transmission Expansion Coalition Comments

Dear Sarah,

The Utah Division of Public Utilities (DPU) appreciates your thoughtful work on the Concept Paper for a West-Wide Transmission Plan (Concept Paper). The plan makes obvious your earnest effort to incorporate perspectives and interests from around the West into a cohesive effort to build a transmission system that can meet the challenges of bulk electric system reliability in the West. In these comments we address some of our concerns. Some of these concerns are with the proposal outlined in the paper, but some address broader concerns with the way these sorts of efforts fit into broader mechanisms for building adequate, reliable, and affordable markets and utilities in the West.

Transmission problem statements assume a shared problem and solution

The shortcomings of transmission planning in the West arise from a variety of factors, but none are as influential as the policy shifts made by some states. Utah is not one of these states. The conclusion that the planning systems are lacking presupposes the processes' fealty to certain policies. Although the Concept Paper is not wrong that there is "a widely recognized concern that current transmission planning frameworks in the West do not result in sufficient transmission solutions to support the needs of the future energy grid," the causes of that concern are not all equal. For states that have few policy mandates or slow transitions, the need is not nearly so acute, at least in isolation. Of course, nothing in the bulk electrical system happens in isolation and other causes exist as well

Still, one primary principle of utility regulation has always been cost causation, which isolates costs to those causing them. At least it aspires to; in practice it is difficult. The much talked about transmission planning processes in the West are broken, if at all, because of the strain being placed on them by policy made in states other than Utah (ignoring NEPA and other beyond-scope federal challenges). While the Concept Paper avoids the topic of cost allocation for understandable reasons, the cost questions are implicated from the outset. The machinery of a transmission planning process is designed to lead to construction of facilities that must be paid for. Those who believe the current system is broken want to build large amounts of new transmission in a short period of time and are asking

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741
www.dpu.utah.gov • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

existing processes to yield to that demand. Thus, while the Concept Paper avoids the cost allocation question, the entire effort is meant to facilitate development of transmission largely to meet other states' policies that will be paid for under FERC cost allocation rules. There is a high likelihood that the profusion of projects proposed under new planning processes will hit our ratepayers' pocketbooks despite our policies not driving the need.

It is right to address weather-related challenges, load growth, and system hardening quite broadly. Existing processes are equal to that task. Other states, developers, and utilities advocate for new processes that are designed primarily to satisfy policy and fill gaps left by early closures of large generating facilities, often to satisfy those same policies. Despite frequent allusions to states' ability to choose their own policies, the fundamental assumptions in many transmission discussions around the West is that our processes must adapt to address certain states' needs, without reasonable assurance that those states will bear the full burden of their decisions. Collectively we in the West seem to nod at the ultimate need for cost allocation resolutions even while pushing them off with a tacit distaste for the topic, as though it is a crass consideration that should give way to some agreed-upon greater good. Despite the avoidance of cost allocation questions in the Concept Paper, those questions infect the discussion from the outset for those states whose policies are not driving rapid portfolio change.

Misalignment of cost causation and FERC cost allocation principles

Efforts to renovate transmission planning processes to accommodate rapid portfolio transitions cannot be severed from cost allocation questions because the FERC cost allocation principles are poorly aligned with principles of cost causation. Although FERC Order 1000 waves a hand at the benefit of satisfying public policy mandates, the weight of its cost allocation principles focuses elsewhere. The recent FERC transmission Notice of Proposed Rulemaking (RM21-17-000) likewise centers its attention on a dozen other benefits. The benefit types identified by FERC are real and transmission development will confer many of them on parties throughout the West, even those whose needs are not driving the development. Nevertheless, the DPU has little faith that planning entities and FERC will pay adequate heed to the principles of cost causation, instead focusing on uncertain projections of future benefits to spread the costs of development on a broader set of ratepayers. This will minimize the impact on states whose policies are driving the change and spread those burdens to other states. Of course, this is not WPP's or the Western Transmission Expansion Coalition's (WTEC) doing. But it is relevant to the effort.

As an advocate for the public interest in Utah, the DPU cannot delay or avoid cost allocation questions because the very purpose of the WTEC is to rapidly plan and build transmission throughout the West and those decisions are highly likely to lead to increased costs for our ratepayers incongruent with accompanying benefits. Until FERC cost allocation rules pay greater heed to cost causation principles, planning processes like those envisioned by the Concept Paper worry, more than comfort, the DPU.

Planning process role for states like Utah

One concern the DPU has with the Concept Paper is that it may not be susceptible to full involvement by all states and entities it ought to include. Although it is clear the effort is meant to be inclusive, it may not be as inclusive as envisioned. This concern arises with multiple sections of the Concept Paper. While the paper's goals and objectives highlight being fair and unbiased, other provisions leave the DPU less certain that hesitant or contrary voices will be heard or acknowledged in the coalition's work.

For instance, the Steering Committee's limitation to "entities committed to the study effort" could be read to limit membership to only those parties who advocate for rapid development of transmission to satisfy policy goals. Perhaps from one perspective, this is necessary or advisable. But it will not allow creation of a comprehensive regional planning effort or strengthen trust for future efforts. There is also a

general ambiguity in who “energy industry stakeholders” eligible for Steering Committee membership are. (There is however, little question that these days whoever they are, the stakeholders likely feel the stake is pointing at them, not away.) While transmission planning processes must accommodate all considerations, including policy, this limitation to “committed” members seems designed to amplify certain voices at the expense of others.

Additionally, it is not clear what the reference in Section 2.4 means when it refers to “engag[ing] with any states group.” Based on its constructive working relationship with the Western Power Pool, the DPU suspects this provision merely indicates an intention to be open to meeting with various groups. If however, it is intended to memorialize a relationship with only specific groups, it should be broadened. As you know, the likelihood of a unified voice on state issues is small.

While not directly related to specific language in the Concept Paper, the DPU is concerned that various mechanisms like the process proposed in the Concept Paper and market rulemaking processes have an inertia that often suggests greater acceptance than exists. Requiring more thorough reporting of those processes, including dissenting voices, can help build trust in those mechanisms and increase meaningful participation.

For example, the establishment of certain market rules in something like the Western Resource Adequacy Program or Western Energy Imbalance Market leads to FERC filings. Without specific and vigorous advocacy at FERC, the establishment of those rules at the regional level can suggest to FERC that concerns have been addressed and resolved. Applications rarely report their own critiques. When disagreement remains and resource limitations in state agencies, smaller market players, and elsewhere prevent advocacy at FERC, reporting dissenting voices would help illuminate the record. Such a practice can help alleviate the worry that involvement in the planning process will lead to the assumption of agreement or acquiescence in its outcome unless an entity is prepared to fully litigate questions at FERC. Ultimately, the DPU expects amplifying dissenting views would facilitate greater participation and help give FERC a better record on which to base its decisions and rulemaking. If regional processes are to expand as many advocates propose, those processes must facilitate participation and fair consideration of widely diverging views, often advocated by companies, cooperatives, interest groups, and agencies that have significant human and monetary resource constraints.

Praise

As noted above, the Concept Paper is a thoughtful document and represents an earnest attempt to accommodate the spectrum of Western viewpoints and needs. The DPU appreciates it. The construction of the Regional Engagement Committee is a good model for widespread participation, including individual sectors often subsumed into one another. The DPU hopes the Concept Paper is an initial draft that leads to refinement. Hopefully, the ultimate product will encourage wide involvement and serve as an avenue for meeting each state’s needs and allowing the industries governed by those states to meet their obligations in ways that fulfill mandates like the DPU’s: ensuring safe, reliable operation of the electrical system at just and reasonable rates.

Sincerely,

A handwritten signature in black ink, appearing to be the name 'Chris', written in a cursive style with a long horizontal flourish extending to the right.

Chris