

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Grid Resilience in Regional
Transmission Organizations and
Independent System Operators**)
)
)

Docket No. AD18-7-000

**MOTION FOR LEAVE TO RESPOND AND RESPONSE
TO CERTAIN REPLY COMMENTS
OF THE ORGANIZATION OF MISO STATES**

The Organization of MISO¹ States (OMS) respectfully moves the Federal Energy Regulatory Commission (FERC or the “Commission”) for leave to respond² to comments on resilience filed by various participants in this proceeding in reply to filings by the Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) in compliance with the Commission’s directive to each ISO and RTO to provide information regarding the resilience of its respective region.³

I. INTRODUCTION

Some commenters suggest that expansion of the existing transmission systems and changes to existing Commission policies and transmission planning processes are necessary to ensure grid resilience. While difficult to measure, the OMS acknowledges that a properly designed and operated transmission system can provide reliability and resiliency benefits. And as the resource mix changes across the region, the OMS anticipates that transmission planning approaches will continue to evolve through the RTO stakeholder process to identify additional transmission

¹ Midcontinent Independent System Operator, Inc. (MISO).

² The OMS makes this motion pursuant to 18 C.F.R. §§ 385.212 and 385.213 (2018), to the extent necessary, as discussed in Section II below.

³ Order Terminating Rulemaking Proceeding, et al., 162 FERC ¶ 61,012 (2018) (“January 8 Order”); see also Order Extending Time for Comments, 162 FERC ¶ 61,256, P 3 (2018).

investment opportunities that provide reliability and/or economic benefits. But it is important to keep in perspective the importance of the distribution system when evaluating the commenters' proposals for transmission incentives and overhauling transmission planning criteria. As the OMS noted in its initial comments in this proceeding, over 90 percent of electric power interruptions are caused by disruptions to the state- and local-jurisdictional distribution systems.⁴ While the OMS acknowledges that all components of the electric power system have a part to play in ensuring resilience and reliability, the development and construction of more transmission infrastructure would not necessarily result in a more resilient grid. The OMS also believes that issues related to grid resilience are best addressed, as they are currently, by the North American Electric Reliability Corporation ("NERC"), the Regional Reliability Entities,⁵ the RTOs/ISOs, state and local regulatory authorities, utilities, municipalities, and cooperatives.⁶

In its January 8 Order, the Commission defined resilience as:

The ability to withstand and reduce the magnitude and/or duration of disruptive events, which includes the capability to anticipate, absorb, adapt to, and/or rapidly recover from such an event.⁷

The OMS supports the Commission's definition of resilience as a qualitative concept to focus this industry-wide discussion. The OMS disagrees with commenters who suggest that: (i) expansion of

⁴ Comments of the Organization of MISO States, Docket No. AD18-7-000 (filed May 9, 2018), at 7 ("OMS Initial Comments"), citing Department of Energy, Quadrennial Energy Review, Second Installment at 4-2 (2017), available at <https://energy.gov/epa/quadrennial-energy-review-second-installment> ("Quadrennial Energy Review").

⁵ The Regional Reliability Entities are the Florida Reliability Coordinating Council, Midwest Reliability Organization, Northeast Power Coordinating Council, ReliabilityFirst, SERC Reliability Corporation, Southwest Power Pool, Inc., Texas Reliability Entity, and Western Electricity Coordinating Council.

⁶ See OMS Initial Comments at 6-8.

⁷ January 8 Order at P 23.

the existing transmission system is required for system reliability and resiliency,⁸ so the Commission should further incentivize transmission development through revisiting its policies regarding the return on equity (ROE) and transmission incentives available to transmission owners;⁹ and (ii) the Commission should require ISOs/RTOs to modify their transmission expansion plans to include explicit resiliency criteria¹⁰ to be included and measured in transmission planning and screening.¹¹ These comments inaccurately suggest that urgent resiliency issues require Commission action, and that those issues are rooted in a lack of transmission system capacity. The OMS respectfully submits that the Commission should reject suggestions that revisions to its current

⁸ Comments of Americans for a Clean Energy Grid, Docket No. AD18-7-000, at 4 (filed May 1, 2018) (“ACEG Comments”); Motion to Intervene and Reply Comments of the PSEG Companies, Docket No. AD18-7-000 (filed May 9, 2018) (“PSEG Comments”); Comments of the Edison Electric Institute, Docket No. AD18-7-000, at 11 (filed May 9, 2018) (“EEI Comments”); Reply Comments of PPL Electric Utilities Corporation, Docket No. AD18-7-000, at 5-8 (filed May 9, 2018) (“PPL Comments”); Reply Comments of Dominion Energy Services, Inc., Docket No. AD18-7-000, at 5 (filed May 9, 2018) (“Dominion Comments”).

⁹ ITC Comments at 11-12, EEI Comment at 11-14, Comments of Southern California Edison Company, Docket No. AD18-7-000, at 6 (filed May 6, 2018) (“Southern California Edison Comments”).

¹⁰ PSEG Comments at 19; ACEG Comments at 2; Comments of the Energy Storage Association, Docket No. AD18-7-000, at 12 (filed May 9, 2018) (“ESA Comments”); Reply Comments of International Transmission Company d/b/a ITCTransmission, Michigan Electric Transmission Company, LLC, ITC Midwest LLC, and ITC Great Plains, LLC, Docket No. AD18-7-000, at 6 (filed May 9, 2018) (“ITC Comments”); Comments of WIRES, Docket No. AD18-7-000, at 9, 11 (filed May 9, 2018) (“WIRES Comments”).

¹¹ ESA Comments at 13; Dominion Comments at 6; Comments of Berkshire Hathaway Energy Company, Docket No. AD18-7-000, at 8 (filed May 9, 2018) (“Berkshire Hathaway Comments”); Northern Indiana Public Service Company LLC’s Comments, Docket No. AD18-7-000, at 6 (filed May 9, 2018) (“NIPSCO Comments”); Comments of the National Rural Electric Cooperative Association, Docket No. AD18-7-000, at 12 (filed May 9, 2018) (“NRECA Comments”); Reply Comments of GridLiance GP, LLC, Docket No. AD18-7-000, at 4-5 (filed May 9, 2018) (“GridLiance Comments”); Reply Comments of the New York Transmission Owners, Docket No. AD18-7-000, at 8 (filed May 9, 2018) (“New York TO Comments”); Comments of ALLETE, Inc., Docket No. AD18-7-000, at 5 (filed May 9, 2018) (“ALLETE Comments”); Comments of Exelon Corporation, Docket No. AD18-7-000, at 26 (filed May 9, 2018) (“Exelon Comments”); Comments of Xcel Energy Services Inc., Docket No. AD18-7-000, at 15-16 (filed May 9, 2018) (“XES Comments”).

transmission-related policies are needed to address resilience concerns.

II. MOTION FOR LEAVE TO RESPOND

The OMS understands, based on the Commission's action of opening this proceeding as an Administrative docket, that the Commission's policies regarding answers to certain pleadings are not strictly applicable.¹² Regardless, to the extent the Commission is inclined to treat this response to other commenters as an answer, the OMS respectfully moves the Commission¹³ to accept the response, because it will aid the Commission's decision-making process, clarify the issues before the Commission, and assure a complete record in the proceeding.¹⁴ The OMS submits that good cause exists to accept this response, which responds to arguments made by commenters that go beyond the scope of the ISO/RTO comments in this proceeding.

III. RESPONSE TO CERTAIN REPLY COMMENTS

A. Transmission Expansion is not a Prerequisite for Grid Resilience.

Commenters who suggest that transmission expansion is necessary to achieve grid resilience place too much emphasis on the transmission component of the bulk electric power system. These commenters argue that because new transmission projects replace aging infrastructure and increase access to generation resources, transmission expansion creates a more "resilient" grid.¹⁵ The OMS

¹² See 18 C.F.R. § 385.213 (a)(3) (2018) ("An answer may be made to any pleading, if not prohibited under paragraph (a)(2) of this section." Paragraph (a)(2) bars answers to "a protest, an answer, a motion for oral argument, or a request for rehearing, unless otherwise ordered.")

¹³ The OMS makes this motion pursuant to the Commission's Rules of Practice and Procedure 212 and 213, 18 C.F.R. §§ 385.212, 385.213 (2018).

¹⁴ See, e.g., *Westar Energy, Inc.*, 147 FERC ¶ 61,092 at P 23 (2014); *Southwest Power Pool, Inc.*, 146 FERC ¶ 61,231 at P 24 (2014); *City of Pella, Iowa*, 146 FERC ¶ 61,135 at P 41 (2014).

¹⁵ See, e.g., ACEG Comments at 4; PSEG Comments at 5; EEI Comments at 11; PPL Comments at 5-8; Dominion Comments at 5.

similarly disagree with commenters who argue that resiliency considerations should in any way affect the Commission's ROE determinations¹⁶ or policies regarding transmission incentives and competitive transmission processes.¹⁷ Such arguments incorrectly suggest that the grid currently has a resilience problem, and that the problem is directly related to a lack of transmission infrastructure. Neither suggestion is supported by the facts.

The OMS agrees with NERC's statement that resiliency is a *component* of reliability, and is addressed through design engineering and operating requirements.¹⁸ A reliable, resilient bulk power system requires that all components of the system adhere to engineering criteria contained in local and state utility standards, national electric standards, NERC mandatory reliability standards, and other design and operating requirements, as applicable.

The vast majority of the disruptive events referenced in the original Department of Energy NOPR that formed the impetus for this proceeding, and cited by the Commission and other commenters were not caused by transmission system failures.¹⁹ Southern California Edison points

¹⁶ ITC Comments at 11 (“Transmission owners require a stable and sufficient ROE to attract capital necessary to build and maintain a resilient grid.”); EEI Comments at 12-13.

¹⁷ Southern California Edison Comments at 6 (“the Commission's Order 679...and Order 1000...should be revised to incorporate resilience benefits.”); EEI Comments at 14.

¹⁸ Comments of the North American Electric Reliability Corporation, Docket No. AD18-7-000, at 4-6 (filed May 9, 2018).

¹⁹ See, e.g., Richard J. Campbell, Cong. Research Serv., R42696, Weather-Related Power Outages and Electric System Reliability 1 (2012); Quadrennial Energy Review at 4-2, available at <https://energy.gov/epssa/quadrennial-energy-review-second-installment> (“Electricity outages disproportionately stem from disruptions on the distribution system (over 90 percent of electric power interruptions), both in terms of the duration and frequency of outages, which are largely due to weather-related events.”); NERC, Polar Vortex Review 4 (2014), available at http://www.nerc.com/pa/rrm/January%202014%20Polar%20Vortex%20Review/Polar_Vortex_Review_29_Sept_2014_Final.pdf; *Testimony of John Moore2 Before the Subcomm. on Energy of the H. Comm. on Energy and Commerce*, 115th Cong. 4 (2017), available at <http://docs.house.gov/meetings/IF/IF03/20171003/106457/HHRG-115-IF03-Wstate-MooreJ-20171003-U3.pdf>. (John Moore is the Senior Attorney and Director of the Sustainable FERC Project at the Natural Resources Defense Council; *Electric Grid Reliability Before the S. Comm. On*

to one example of a high impact, low frequency event (the “bomb cyclone” extreme cold weather event on the East Coast in January 2018) that involved a down transmission line,²⁰ but most power outages involve issues at the distribution level.²¹ Increased ROE and transmission incentives for transmission owners might result in increased spending on transmission infrastructure and create a “gold-plated” transmission system, but would not prevent the majority of outages.²²

As the OMS has noted, there are many historical and ongoing resilience-related actions by state and local regulators that enable and bolster system resilience – which is entirely appropriate, since the majority of any future problems are likely to originate within the state and local

Energy & Natural Resources, 113th Cong. 58 (2014)(testimony of Thad Hill, the President and Chief Operating Officer of Calpine Corporation); PJM, Analysis of Operational Events & Market Impacts During the January 2014 Cold Weather Events 24 (2014), available at <http://www.pjm.com/~media/library/reports-notice/weather-related/20140509-analysisof-operational-events-and-market-impacts-during-the-jan-2014-cold-weather-events.ashx>; 2013-2014 MISO Cold Weather Operations Report 24 (2014), available at <https://www.misoenergy.org/Library/Repository/Report/Seasonal%20Market%20Assessments/2013-2014%20Cold%20Weather%20Operations%20Report.pdf>. [Short parentheticals to each citation to come.]

²⁰ Southern California Edison Comments at 5-6, citing Welton, Robert, *Pilgrim Nuke Goes Offline as Northeast Buffeted by Winter Storm*, Utility Dive, January 5, 2018, available at: <https://www.utilitydive.com/news/pilgrim-nuke-goes-offline-as-northeast-buffed-by-winter-storm/514135/>.

²¹ See, e.g., Responses of the Midcontinent Independent System Operator, Inc., Docket No. AD18-7-000, at 34 (filed Mar. 9, 2018); Quadrennial Energy Review at 4-2 (“Electricity outages disproportionately stem from disruptions on the distribution system (over 90 percent of electric power interruptions), both in terms of the duration and frequency of outages, which are largely due to weather-related events.”); [add more?]

²² See also, Entergy Comments at 15-16:

more transmission does not always make the grid more resilient or address all types of disruptions. For example, building more and higher voltage facilities does nothing to help withstand or recover from an electro-magnetic pulse. And adding a transmission line to an existing critical substation can make that substation even more critical – and make the system less resilient.

jurisdictional distribution systems.²³ State and local regulators are responsible for assessing the cost of jurisdictional resilience measures and ensuring that customers receive corresponding value. Asking the Commission to “shift” its resilience focus to focus on transmission owner ROE and incentives places too much emphasis on the transmission component of the system, and could increase costs to customers without providing concomitant resiliency benefits. Instead, the Commission should allow the ISOs/RTOs to continue working with their stakeholders within their existing transmission planning and expansion processes to identify transmission projects that are both necessary for reliability and economically beneficial to each region.

B. The OMS Disagrees with Commenters’ Arguments That Specific Resilience Criteria Should be Included and Measured in Transmission Planning.

The OMS opposes any proposals to “bake in” new resilience criteria to the ISO/RTO transmission planning processes to justify transmission expansion at a faster pace and/or on a broader scale. The OMS is concerned that efforts to incorporate specific “resilience-related” transmission design criterion or operational requirement into transmission planning metrics could be used to rationalize building a transmission project that would not otherwise be economically beneficial. Comments suggesting that costs associated with a particular transmission project should be weighed against the potential resiliency benefits of the project are misguided.²⁴ For example, ITC argues that:

transmission planning should also seek to identify and assess low-frequency, high-impact threats which could significantly disrupt the operation of the grid, and to identify transmission enhancements which can ameliorate these threats, even where such transmission projects may not pass existing cost-benefit models that are

²³ OMS Initial Comments at 7-8.

²⁴ See, e.g., ALLETE Comments at 5; XES Comments at 15-16; NYTO Comments at 8; GridLiance Comments at 4-5; Berkshire Hathaway Comments at 8; NIPSCO Comments at 6; ESA Comments at 13; Exelon Comments at 26; NRECA Comments at 12; Dominion Comments at 6.

predicated on economic benefits.²⁵

However, resiliency and reliability are already fundamental aspects of the planning and design of the transmission system. Resiliency, as a component of reliability, should not be converted into a benefit metric that could be used to increase the likelihood of constructing any particular transmission project. Rather, resilience efforts should be focused on ensuring that the operation and engineering standards of the existing grid combat potential physical threats, both naturally-occurring and man-made, such as tornados, hurricanes, floods, physical attacks on plants, and cyber-attacks.²⁶ As many commenters in this proceeding have noted,²⁷ there are no urgent resiliency issues that require immediate Commission action, and these concerns are best addressed through a number of existing and ongoing initiatives – from the local level up to NERC’s development and enforcement of mandatory reliability standards at the federal level.

IV. CONCLUSION

The OMS respectfully requests that the Commission (i) accept this response; and (ii) recognize the continuance of state and local regulators, in cooperation with their regulated entities and ISO/RTOs, to handle jurisdictional resiliency matters in their respective regions in compliance with the reliability standards developed and enforced by NERC and the Regional Reliability Entities. The Commission should reject calls to incorporate the qualitative concept of grid resilience into additional transmission expansion planning in the form of specific metrics or new federal regulations.

²⁵ ITC Comments at 6.

²⁶ January 8 Order at P 22, citing examples provided by commenters.

²⁷ *See, e.g.*, Comments of Electric Power Supply Association, Docket No. AD18-7, at 12-13 (filed May 9, 2018) (“each ISO/RTO has found that there is no imminent, critical threat which requires immediate action from FERC.”); Comments of Advanced Energy Buyers Group, Docket No. AD18-7 at 2 (filed May 9, 2018); Reply Comments of the American Public Power Association, Docket No. AD18-7, at 7 (filed May 9, 2018); Berkshire Hathaway Comments at 11.

The OMS files this response because a majority of its members are in support.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated this 14th day of June 2018.

Tanya Paslawski