



November 21, 2018

Mr. David Meyer  
Office of Electricity Delivery and Energy Reliability  
U.S. Department of Energy  
1000 Independence Avenue, SW  
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Submitted electronically via email to: [congestion.study2018@hq.doe.gov](mailto:congestion.study2018@hq.doe.gov)

Re: Department of Energy ("DOE") – November 15, 2018 DOE Workshop on Electric Transmission and Siting Issues

Dear Mr. Meyer:

## **I. INTRODUCTION**

Ameren Transmission is a transmission-only, direct subsidiary of Ameren Corporation dedicated to electric transmission infrastructure and development. Ameren Transmission appreciates the opportunity to provide comments in response to the discussion at the November 15, 2018 “DOE Workshop on Electric Transmission Development and Siting Issues” (“Workshop”), the stated purpose of which was to solicit input relevant to the next electric transmission congestion study, and more generally to foster dialogue on key issues affecting today’s electric transmission system. DOE explained that a key purpose of the Workshop was to hear diverse perspectives and points of view.

Ameren Transmission supports the DOE’s effort at developing a congestion study that may support the identification of needed transmission infrastructure.<sup>1</sup> With regard to comments made at the Workshop concerning the recent levels of spending on transmission and opportunities for competitive transmission development, Ameren Transmission agrees these are important issues. Importantly, however, the issues must be discussed in context. Statements about the costs of transmission should not be discussed in isolation of the benefits transmission enables, including lower

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<sup>1</sup> Ameren Transmission filed comments to the DOE Procedures for Conducting Electric Transmission Congestion Studies, 83 Fed. Reg. 42647 (August 23, 2018).

production costs, access to wholesale competitive markets, and access to remote renewable generation. And, comparisons of competitive bids with estimated costs submitted early in the planning of a project do not provide an apples-to-apples comparison. Such comparisons are misinformed and misleading. Finally, concerns with Order No. 1000 and competitive bidding do not appear germane to DOE's effort at hand – the development of the congestion study with a national focus that may inform the designation of National Interest Electric Transmission Corridors. FERC already requires that public utility transmission owners have open, transparent planning processes and DOE's focus on identifying congestion should complement and not compete with those regional planning processes.

## **II. THE NEED FOR TRANSMISSION INVESTMENT**

Transmission provides the platform to integrate diverse load and supply to reliably serve customers, provides access to competitive generation alternatives, and gives customers the ability to buy and sell products and services through the wholesale energy, ancillary services and capacity markets. The benefits of and the need for transmission do not appear to be in dispute; rather, based on the comments at the Workshop there is ongoing interest in how to ensure that transmission is built cost-effectively, efficiently, and with a regional or inter-regional focus, as appropriate. Ameren Transmission suggests that DOE maintain a focus on identifying areas of congestion that would benefit from the development of transmission, and allow regional transmission organizations and independent system operators (“RTOs/ISOs”), other regional planning entities, and to the extent necessary the Federal Energy Regulatory Commission (“FERC”) to address any reforms to the current Order No. 1000 compliant processes.

On the matter of costs, concern was expressed about the recently noted \$20 billion annual spend on transmission in recent years, particularly in the regions supported by RTOs/ISOs. This should not be a surprise given the significant changes in resource mix due to federal legislation and regulations, state and local policy drivers, and the aging infrastructure. Missing from the \$20 billion figure is any mention of the benefits of that investment. Planners do not plan and transmission investment is not made without ensuring that it's cost-effective. For example, transmission owners in the Midcontinent Independent System Operator, Inc. (“MISO”) regionally plan transmission investment, and were doing so well in advance of Order No. 1000. MISO and its transmission owners had identified numerous large transmission projects that had multiple value streams and were

supported by customers and the state regulators, and, as noted at the Workshop, with the passage of time have proven more beneficial to the region than initially thought. This process of looking at the cost and benefits worked, and DOE should take care to not succumb to the idea of looking at costs in isolation of the benefits. To do so would undermine the development of transmission to the detriment of customers and our national security.

As noted by some at the Workshop, there are concerns about impacts of transmission spend on economic development generally and other efforts at grid modernization. Economic development and grid modernization are not solely the concern of state regulators or industrial customers; public utility transmission owners, like Ameren, with an obligation to serve share these concerns. Others noted the need for broad, proactive regional planning that includes assessment of the generator queue, inter-regional planning (and not simply coordination), increased transparency and additional competition for transmission, with some Workshop panelists noting that the FERC has permitted and recently affirmed the decision to not subject all types of investment to regional planning processes. Ameren acknowledges that there are open questions about the best way to plan the system, some of which were expressed at the Workshop. For example, Ameren agrees that more could be done to support inter-regional transmission planning.

Ameren Transmission also supports FERC's recent decision to not subject all types of transmission projects to a regional planning process.<sup>2</sup> FERC's decision was a pragmatic one and not a departure from past policy. The Commission approved, on compliance to Order No. 1000, exceptions to the planning process for transmission projects that are unlikely to provide regional benefits, stating that it avoids the need to expend resources on the consideration of projects that are less likely to provide regional transmission benefits.<sup>3</sup> The costs of planning processes are likely not insignificant. Costs to administer the planning processes are borne not only by the transmission owner and transmission provider but also to the customers who participate. These are in addition to any costs the developer incurs to participate that may later get recovered from customers. As such, transmission planning processes that focus regional (or inter-regional) benefits seem to strike the appropriate balance and should remain the focus. DOE's interest in the scope of projects considered for regional cost allocation under the Order No. 1000 planning processes in connection with its development of the

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<sup>2</sup>*California Public Utility Commission v. Pacific Gas & Electric*, 164 FERC ¶ 61,161 (2018).

<sup>3</sup>*Tampa Elec. Co.*, 148 FERC ¶ 61,172 (2014) at P 139.

congestion study is unclear. Ameren Transmission encourages DOE to not mix the scope of the planning process with the identification of congestion. Doing so will mire the development of the congestion study.

As noted above, cost effectiveness of transmission investment is of significant interest. This is true for transmission owners charged with serving the public. Some would have DOE and the FERC think that all types of projects should be subject to competitive bidding. In support they offer that on average, the incumbent projects in RTOs/ISOs were completed at costs that exceeded original estimates by a weighted average of 34% whereas the winning bids of competitive RTO and ISO projects have been priced on average 40% below initial cost estimates. There are reasons for the difference between original estimates and winning bids. First planning estimates are typically made far in advance of knowing the project details whereas competitive bids are supported with a significant amount of engineering analysis and made with full knowledge of project detail. Thus, there is not only greater detail at the time of a competitive bid, but it's typically more informed being closer in time to the award of a project. As such, bids of this nature typically require more detail, greater accuracy in planning, and take more resources than a planning estimate, generally costing more to develop. For an accurate comparison of project costs, the basis for development of costs should be the same; and, for estimates to be developed on the same basis as competitive bids would require the incurrence of additional costs. Whether this is a cost-effective approach for all transmission development remains an open question. Ameren Transmission welcomes an open dialogue on transmission development issues, and is available to discuss with DOE the details of transmission planning.

### **III. CONCLUSION**

Ameren Transmission supports the DOE's effort at developing a congestion study that complements the RTO/ISO and other regional planning processes and supports the identification of needed transmission infrastructure. With regard to comments made at the Workshop, Ameren Transmission cautions that the costs of transmission should not be discussed in isolation of the benefits transmission enables, including lower production costs, access to wholesale competitive markets, and access to remote renewable generation. Similarly, Ameren Transmission cautions against the comparison of competitive bids and initial cost estimates submitted early in the planning of a project before all project details are known. These are not an apples-to-apples comparison, and as such, are

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misleading. Finally, concerns with Order No. 1000 and competitive bidding do not appear germane to DOE's effort at hand – the development of the congestion study with a national focus that may inform the designation of National Interest Electric Transmission Corridors.

Ameren Transmission appreciates the opportunity to provide these comments to the discussion at the November 15, 2018 Workshop.

Respectfully submitted,

/s/ Joseph M. Power

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