UNITED STATES DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY

National Electric Transmission Congestion Study	**)** **)** **)** **)**	**Draft for Public Comment** **79 Fed Reg. 49076 (2014)**

COMMENTS OF WIRES AND THE NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION ON THE DEPARTMENT OF ENERGY REQUEST FOR PUBLIC COMMENT

WIRES and the National Electrical Manufacturers Association ("NEMA) respectfully submits these comments in response to the Draft National Electric Transmission Congestion Study ("Draft Study") issued by the Office of Electricity Delivery and Energy Reliability ("OEDER") of the Department of Energy ("DOE" or "the Department") in August 2014 pursuant Section 1221 of the Energy Policy Act of 2005, amending the Federal Power Act at Section 216.

WIRES and NEMA express their support for the sustained efforts of DOE and other interested Executive Branch departments and agencies to ensure that the Nation's energy infrastructure remain or become adequate to sustain national energy policy goals, energy diversity, competitive energy markets, and reliable and reasonably priced electrical energy. WIRES and NEMA have commented on and supported other federal initiatives that sought to improve permitting of infrastructure projects and to rationalize national energy policy, including DOE's Quadrennial Energy Review ("QER"). Our organizations appreciate the opportunity to submit comments on the important issue of the future of the high voltage transmission grid.

I.

COMMUNICATIONS

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II.

BACKGROUND

On August 19, 2014, the Secretary of Energy issued for public comment a Draft Study of of congestion on the U.S. electric transmission system. When and if finalized, the study will be the third in a series of triennial studies that identify 'geographic area[s] experiencing . . . transmission capacity constraints or congestions that adversely affects consumers . . .' in order to designate congested electrical regions ("national interest electric transmission corridors" ("NIETC")) within which the Federal Energy Regulatory Commission ("FERC") might exercise facilities siting authority, under certain circumstances, to minimize system constraints. Triennial

congestions studies are mandated by the FPA for this limited purpose. However, federal siting of transmission within designated corridors has become a virtual impossibility due to appellate court interpretations of Section 216 and the diverse state and federal jurisdiction over the authorization of transmission additions and upgrades. That is not to say that DOE's congestion studies are unimportant. Perhaps surprisingly, they provide a forum for discussing an important aspect of transmission development in North America – the paucity of timely information upon which good planning and project proposals can be based.

The DOE Draft Study represents a snapshot of system constraints. That snapshot dates from 2012, based on the data that was employed in the study. DOE did not conduct any independent modeling and the sources employed, although numerous, are secondary. The data was only modestly updated with 2013 data. A "fresh" study will be initiated in 2015, as the law requires, although its completion date is unknown. It will look at 3 – 5 year trends. Finally, the current draft study does not designate NIETCs, as did previous studies. In a nutshell, DOE makes clear that "despite widespread agreement on the strategic importance of electric transmission infrastructure – to our economy, our quality of life, and our national security – there is little comprehensive, consistent information available on transmission usage, the age and likely remaining life of transmission facilities, or transmission investment." This is not an admission but instead a realistic recognition that the changing high-voltage bulk power environment is probably the least transparent part of the power grid.

II. DISCUSSION

There are many challenges to conducting a congestion study that will yield the kind of results that the Congress intended. If the nearly $300 billion investment in transmission that the Nation will make in the next quarter century is to yield optimal results in terms of reliability,

resilience, economic development, and access to diverse resources, then that investment—whether it be new steel in the ground or technologies added to the systems to optimize the capacity, control, or situational awareness of existing infrastructure—must be based on the best information. However, both DOE and industry recognize that congestion can change location and dimension frequently and is therefore difficult to understand or predict. Three-year old data are stale and not useful for these purposes. DOE frankly acknowledges that transmission data "are not available uniformly across the country," differ according to "organizational or market-specific practices" among the RTOs and ISOs that govern congestion management procedures, and "can change over time, limiting comparability and trend assessment." DOE in effect admits that the collection of transmission information by DOE (and perhaps the FERC) have not kept pace with the changes in transmission development and regulation since the Energy Policy Act of 1992, which led to transmission open access, regional management of transmission planning, new regional imbalance markets and interconnection procedures, emerging digitalization of the grid, independent transmission providers and joint ventures, and new interconnection-wide collaboratives. The revolution in natural gas supplies, growing cyber threats, and renewable electric generation technologies make the environment even more dynamic. These developments and uncertainties are outpacing the capability of the Draft Study to render a clear picture of the state of the bulk power system, rendering it only marginally useful to planners, policy makers, or project developers, in our estimation.

WIRES and NEMA believe that the deficiencies of transmission data collection and aggregation have existed for some time and probably reflect a more vertically integrated, less dynamic utility industry in which state of the grid was more constant. The appropriate question raised expressly by the Draft Study is whether the challenges facing the industry require the

collection, validation, and sharing of various kinds of data, many of which it itemizes in the report as difficult or impossible to obtain, including real-time flow data, modeling data, operational capabilities of critical facilities, price spreads between nodes across existing market seams, and the remaining useful life of critical facilities. It appears that DOE currently may lack authority to collect most or all of this information or that collection of such data is not a priority. We believe this is an area that requires serious re-examination because higher levels of congestion and a lack of information can thwart competition in bulk power markets, reinforce market power, raise electricity prices to consumers by denying access to lower-cost supplies, and thereby defeat constructive public policy. It is therefore critical for the Secretary to address this issue by making available on a regular basis more real-time, reliable, public, and aggregated data about the state of the Nation's regional transmission systems.

That said, we add two important caveats. First, responding to government data collection efforts can be burdensome. For that reason, the Paperwork Reduction Act is a necessary hurdle that such a program would have to clear. The value and timeliness of data about the current operation of the transmission system must be balanced against the cost of any program of data collection. However, the benefits of greater transparency could be substantial and the appropriate breadth of such a program and the relative costs to industry and the Department of assembling better transmission information must be considered by the Secretary and the Energy Information Administration. Second, one of the recent changes in the electricity business is that much data about critical facilities and grid operations are becoming competitively sensitive and could be used by competitors. This inclines companies to protect information, often indiscriminately. Data could also become susceptible to cyber intrusion by those with malicious intent. It will be necessary for any data collection program to treat certain kinds of data as

confidential or to aggregate and sanitize information so that it cannot be attributed, while retaining its usefulness in helping mitigate the high costs of a congested transmission system.

III. CONCLUSION

WIRES and NEMA limit their comments on the Draft Study to its obvious inadequacies, in recognition of the fact that the underlying lack of available transmission data will make diagnosing transitory congestion and other obstacles to liquid power markets extremely difficult. We recommend that the Secretary address this problem promptly. Transmission planning is founded on adequate and timely information, as is sound public policy. Helping provide it is a basic role the Department can play in contributing to a strengthening of the interstate high-voltage transmission grid. If the Draft Study leads to a re-assessment of the need for better data, it will have served an important purpose.

Respectfully submitted,

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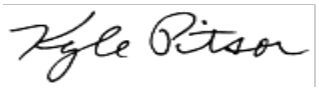

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