November 23, 2020

Mr. David Meyer, OE-20
Division of Transmission Permitting and Technical Assistance
Office of Electricity
U.S. Department of Energy
1000 Independence Avenue SW
Washington, D.C. 20585

Submitted electronically via email to: 2020congestionstudy@hq.doe.gov

Re. Department of Energy – National Electric Transmission Congestion Study,
85 Fed. Reg. 60151 (Sept. 24, 2020)

Dear Mr. Meyer:

Thank you for the opportunity to provide these comments in response to the above-referenced Department of Energy National Electric Transmission Congestion Study dated September 2020 (2020 Congestion Study). Berkshire Hathaway Energy strongly supports the ongoing review of the state of the transmission grid and additional steps that can be taken to improve its operations.

Berkshire Hathaway Energy is the parent company of MidAmerican Energy Company, NV Energy, and PacifiCorp. These utilities have more than 25,000 miles of transmission, serving over 4 million electric customers across 11 states with a focus on cost-effective and reliable service in light of the changing resource mix, which is shifting towards renewable resources as a result of policy requirements, economic factors, and customer preferences. Achieving these goals requires a robust interstate transmission grid.

As a wind power leader, Berkshire Hathaway Energy is continually finding new ways to harness more clean energy. MidAmerican Energy, based in Des Moines, Iowa, will have more than 7,100 megawatts of wind energy in-service by the end of 2020, including more than 3,300 wind turbines in 32 counties and an investment of nearly $13 billion in wind energy projects. Additionally, in July, PacifiCorp issued the largest all-source request for proposals in company history, seeking up to 1,823 MW of new solar resources co-located with 595 MW of new battery storage capacity, and 1,920 MW of new wind resources.

For these reasons, we appreciate the Department of Energy's focus on transmission congestion as a means to continue to highlight the need for ongoing investment in transmission development. This investment will require federal policy and regulatory support, state siting and cost recovery activities, and private partnership to develop the needed improvements to the grid.

The 2020 Congestion Study shows that transmission investment has increased significantly since the studies were first required by Congress in the Energy Policy Act of 2005, and that congestion in some areas has decreased.[1] The 2020 Congestion Study focuses on gross dollars invested overall, but a closer look shows that despite its wide geographic expanse, transmission investment in the WECC region (i.e. the Western Interconnection) lags substantially behind the Eastern Interconnection in gross dollars invested.[2] The 2020 Congestion Study notes that, "[i]n the Western Interconnection, annual transmission investment is more than three times what it was in 2005." That may be true, but any investment looks positive in comparison to the mid-2000's when transmission investment was so scarce that Congress felt compelled to make transmission investment a centerpiece of the Energy Policy Act of 2005, including the addition of Federal Power Act ("FPA") section 216.

In the West, renewable projects site where they find fuel (wind or solar energy), which can be hundreds of miles from load centers. The large-scale backbone transmission projects needed to transport renewable energy would have to cross state lines and receive siting approval from multiple state and local agencies based mostly on localized impacts. Such large-scale projects will be the key to accomplishing the goals of grid resilience laid out in the 2020 Congestion Study. We encourage DOE to look critically at conflicting state approval obligations that create obstacles to siting transmission in the West and, as discussed below, continue to study the issue and engage stakeholders.

The study also shows that congestion remains high in some regions, including on transmission paths throughout the Western Interconnection,[3] as well as in CAISO.[4] Additionally, FPA section 216 requires DOE to identify and designate areas suffering from "electric energy transmission capacity constraints or congestion that adversely affects consumers." This definition is notably broader than congestion as the term appears to be used in the 2020 Congestion Study, and congestion should not be limited to real-time congestion, but identify any "transmission capacity constraint" that "adversely affects consumers." Those types of constraints will often reveal themselves in generator interconnection and transmission service system impact studies, as well as data about the interconnection and transmission service queues in resource-rich areas of the West. For example, long interconnection queues or generator interconnection system impact studies that identify large-scale network upgrades requirements are indicators that transmission capacity constraints may be frustrating new generation development and "adversely affecting consumers." The statutory charge to DOE to designate as National Corridors areas experiencing capacity constraints that adversely affect consumers speaks directly to the challenges in the West, where state and local agencies (often by the terms of their organic statutes) cannot fully consider the benefits associated with enhancing the interstate backbone facilities in their approval processes.

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[1] National Electric Transmission Congestion Study, U.S. Department of Energy (issued Sept. 2020) (2020 Congestion Study).

[2] *Id.* at Figure 4-1.

[3] *Id.* at Figure 4-3.

[4] *Id.* at Figure 4-7.

In short, while energy markets and new transmission facilities have addressed congestion to date, areas of concern remain. Future development of resources and changing loads necessitate that all parties continue their focus on issues related to transmission congestion and the related need for ongoing development.

Other federal proceedings further support the need for additional transmission, wisely planned and carefully executed. The Federal Energy Regulatory Commission acknowledged the many drivers for new transmission, including changing load and the increasing variety of resources, in evaluating its methodology in granting transmission incentives.[5] In its report to Congress on barriers and opportunities for high voltage transmission, the Federal Energy Regulatory Commission noted that both MISO and ISO-NE had issued studies showing that new transmission was needed to support the changing resource mix, reduce congestion costs, and enhance reliability.[6] Regarding the need for specific transmission investment, the Commission cited a Brattle study showing,

> the U.S. will need an average investment of $3-$7 billion per year through 2030, in addition to investments needed to maintain existing transmission systems and integrate renewable energy generation to meet existing load, to meet the changing needs of the system due to electrification. The study goes on to find that even a large increase in transmission investments would likely have a modest impact on consumer electricity rates (a 1-4 percent increase) before accounting for other electricity savings created by new transmission infrastructure.[7]

Finally, real world reliability incidents also bolster the case for more investment in transmission. Just prior to issuance of this 2020 Congestion Study, there were several days of widespread power shortages that severely strained the electric grid in the West. Initial reports cite transmission congestion as a factor that limited imports, contributing to a power shortage in California in August 2020.[8]

To support transmission development, the Department of Energy should continue to consider designating National Interest Corridors, whether to site transmission itself, or through delegating the responsibility to the Federal Energy Regulatory Commission, which has extensive experience in siting infrastructure. Additionally, federal policymakers should consider whether a more efficient means of siting transmission would be to consider targeted reforms to site transmission where it is most needed, as decided on a localized basis. Specifically, modernization of the National Environmental Policy Act – to require a decision in two years,[9] identify a single point

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[5] *Electric Transmission Incentives Policy Under Section 219 of the Federal Power Act*, Notice of Proposed Rulemaking, 170 FERC ¶ 61,204 at P 24-33 (2020).

[6] "Report on Barriers and Opportunities for High Voltage Transmission," Federal Energy Regulatory Commission, at p. 13-14 (issued June 2020).

[7] *Id.* at p. 14.

[8] *Preliminary Root Cause Analysis: Mid-August 2020 Heat Storm*, CAISO, at PP 82-84 (Oct. 6, 2020).

[9] Two years is a widely-recognized appropriate length of time for siting decisions. *See, e.g.*, Solving the Climate Crisis, The Congressional Action Plan for Clean Energy Economy and a Healthy, Resilient, and Just America, Majority Staff Report of the Select Committee on the Climate Crisis, at p. 52 (June 2020).

of contact in government to coordinate government review, and ensure that pending applications are not subject to new requirements – would significantly enhance the ability to site long-distance transmission, particularly across federal lands.

A tax credit for transmission investment would also support necessary grid expansion. In organized markets, or RTOs, transmission is added to a customer's bill by the regional transmission organization. While the Federal Energy Regulatory Commission considers rate cases for whether the costs are just and reasonable, the proceedings are not as fiercely fought as those outside organized markets, in bilateral markets, where state public utility commissions evaluates transmission as part of the total integrated resource plan along with generation and distribution proposals. State commissions will review the related costs as part of a total rate case, placing greater pressure on ensuring cost-effective proposals for transmission, with a focus on the impact on immediate customers. Where transmission benefits others who will interconnect with the new transmission facilities, states understandably are concerned about who will bear the costs. A transmission tax credit would reduce the cost of new transmission borne by customers, improving the economic case for new facilities. The 116th Congress considered two bills to support a tax credit for transmission investment;[10] passage of such a bill would enhance transmission development and reduce costs for customers.

Given the challenges noted above, we encourage the Department to treat the 2020 Congestion Study as the kick-off of a broader effort to tackle lagging transmission development, particularly in the West, and not to simply put this study on the shelf until its scheduled update in three years. To accomplish that, we urge the Department to keep the comment period open, convene regional stakeholder meetings, and take whatever additional steps are necessary to formulate a deeper understanding of the obstacles in the way of broader transmission investment throughout the country, including in the West.

These are a few ideas to support further development of transmission that enhances resilience and facilitates the integration of new resources and new loads. Support from federal partners such as the Department of Energy will be critical in implementing these proposals and others to develop needed transmission. Thank you for your consideration.

Respectfully submitted,

Pat Reiten
Senior Vice President, Government Relations
Berkshire Hathaway Energy

[10] S. 3107, "Electric Power Infrastructure Improvement Act," introduced by Senator Heinrich (Dec. 19, 2019); H.R. 7172, "Electric Power Infrastructure Improvement Act," introduced by Representatives Horsford and Lee (June 15, 2020).