UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Electric Transmission Incentives Policy Under Section 219 of the Federal Power Act	))	Docket No. RM20-10-000

RESPONSE OF WIRES TO
MOTION FOR EXTENSION OF TIME

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure[1] and the Supplemental Notice Granting Extension of Time for Non-Statutory Deadlines, Waiving Regulations, and Shortening Answer Period,[2] WIRES[3] respectfully submits the following response to the Motion for Extension of Time filed by the American manufacturers[4] on April 29, 2020 in this proceeding.[5] The

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[1] 18 C.F.R. § 385.213 (2019).

[2] Docket No. AD20-11 (April 2, 2020).

[3] For more information about WIRES, please visit www.wiresgroup.com.

[4] The "American manufacturers" consist of The Industrial Energy Consumers of America, Aluminum Association, Inc., American Chemistry Council, American Forest & Paper Association, American Foundry Society, American Fuel & Petrochemical Manufacturers, American Iron and Steel Institute, Associated Industries of Arkansas, Association of Businesses Advocating Tariff Equity, California Large Energy Consumers Association, California Manufacturers & Technology Association, CalPortland Company, Carolina Industrial Group for Fair Utility Rates I, II & III, Carolina Utility Customers Association, Carpenter Technology Corporation, Chemistry Council of New Jersey, Clearwater Paper Corporation, Coalition of MISO Transmission Customers, Connecticut Industrial Energy Consumers, Domtar Corporation, Electric Consumers Resource Council, Ellwood Quality Steels, Evonik Corporation, Fertilizer Institute, Flex-N-Gate, Florida Industrial Power Users Group, Ford Motor Company, Gerdau, Glass Packaging Institute, Illinois Industrial Energy Consumers, Indiana Industrial Energy Consumers, Inc., Industrial Energy Consumers of Pennsylvania, Industrial Energy Users-Ohio, Industrial Minerals Association – North America, Ingevity Corporation, Iowa Industrial Energy Group, Inc., Kimberly-Clark Corporation, Kentucky Industrial Utility Customers, LafargeHolcim, Louisiana Chemical Association, Maine Industrial Energy Consumer Group, Messer Americas, Michigan Chemistry Council, Michigan Industrial Energy Association, Midwest Food Products Association, National Council of Textile Organizations, National Stone, Sand & Gravel Association, Ohio Energy Group, Ohio Manufacturers' Association Energy Group, Oklahoma Industrial Energy Consumers, Olin Corporation, Pennsylvania Energy Consumers Association, PJM Industrial Customers Coalition, Portland Cement Association, South Carolina Energy Users Committee, Steel Manufacturers Association, TimkenSteel Corporation, Tysons Foods, US Silica Company, Utah Association of Energy Users, WestRock Company, West Virginia Energy Users Group, Western Kansas Industrial Energy Consumers, and Wisconsin Industrial Energy Group.

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

American manufacturers ask the Commission to extend the comment deadline in this proceeding to the later of sixty days after the conclusion of the national emergency related to the COVID-19 health pandemic or October 1, 2020. For the reasons explained further below, WIRES requests that the motion be denied, or in the alternative, an extension of time, if any, be limited to no more than two to four weeks in order to continue timely and expeditious consideration of the important issues raised in this proceeding.[6]

I. BACKGROUND

The Incentives NOPR has its genesis in a Commission-initiated proceeding that has been pending for over a year. On March 21, 2019, the Commission issued a Notice of Inquiry seeking comment on the scope and implementation of its electric transmission incentives regulations and policy.[7] The NOI presented numerous questions regarding the Commission's approach to, and objectives of, its incentives policy; the mechanics and implementation of an incentives policy; and metrics for evaluating the effectiveness of incentives. WIRES filed initial comments and supplemental and reply comments in response to the NOI,[8] and the Commission received 66 additional initial comments and 47 reply comments. Subsequently, on November 5 and 6, 2019, the Commission staff led a workshop that further explored methods to incentivize the deployment and implementation of grid-enhancing technologies and received 19 comments in response to a post-workshop notice.[9]

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[6] This filing is supported by the full supporting members of WIRES but does not necessarily reflect the views of the RTO/ISO associate members of WIRES.

[7] *Inquiry Regarding the Commission's Electric Transmission Incentives Policy*, 84 FR 11759 (Mar. 28, 2019), 166 FERC ¶ 61,208 (2019) ("NOI").

[8] Initial Comments of WIRES, Docket No. PL19-3-000 (June 26, 2019); Supplemental and Reply Comments of WIRES, Docket No. PL19-3-000 (August 26, 2019).

[9] FERC, *Grid-Enhancing Technologies*, Notice of Workshop, Docket No. AD19-19-000 (Sept. 9, 2019) ("GET workshop").

On March 20, 2020, the Commission issued the Incentives NOPR. The purpose of the Incentives NOPR is to consider reforms to the Commission's transmission incentives policy to reflect changes in the industry and transmission planning and to more closely align with the statutory language of Federal Power Act ("FPA") section 219.[10] In particular, the Commission highlighted the need for its incentives policy to account for evolving shifts in the nation's generation resource mix driving the need for more transmission infrastructure to bring generation to load, to integrate more electric power generated by renewables and natural gas and to accommodate new technological innovations.[11]

The overall goal of the Incentives NOPR is to fulfill Congress's directive in FPA section 219 to spur development of transmission projects that benefit consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion.[12] To that end, the Incentives NOPR proposed a series of transmission return on equity ("ROE") incentives designed to ensure that returns on equity attract investment in transmission infrastructure that has high economic benefits to consumers through congestion relief or that enhances reliability. The Commission provided interested parties 90 days after publication of the proposed rule in the Federal Register in which to submit comments.[13] Comments on the Incentives NOPR are currently due July 1, 2020.

On April 29, 2020, the American manufacturers filed a motion asking the Commission to extend the current July 1, 2020 comment deadline to the later of sixty days after the conclusion of

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[10] 16 U.S.C. § 824s.

[11] Incentives NOPR at P 28.

[12] *Id*. at PP 32-33.

[13] WIRES notes that due to the delay between issuance of the Incentives NOPR on March 20, 2020 and its publish date in the *Federal Register* on April 2, 2020, parties have already effectively had over 100 days to respond.

the national emergency related to the COVID-19 health pandemic or October 1, 2020, whichever is later.

II. RESPONSE TO THE MOTION FOR EXTENSION OF TIME

WIRES is an international non-profit trade association of investor-, publicly-, and cooperatively- owned transmission providers, transmission customers, regional grid managers, and equipment and service companies. WIRES promotes investment in electric transmission and state and federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. WIRES' members support investment in needed and beneficial transmission infrastructure – investments that are critical to ensure a reliable, cost-effective, and modern bulk power system.

Electric transmission is a critical part of the electric grid, and a robust transmission system enables transmission providers and developers to further economic growth and policies that promote the integration of renewables and a more resilient grid. Congress recognized the benefits transmission investment can provide when it directed the Commission to "promote reliable and economically efficient transmission and generation of electricity by promoting capital investment in the enlargement, improvement, maintenance, and operation of all facilities for the transmission of electric energy in interstate commerce…."[14] As the Commission conclusively stated in Order No. 679, "[t]he issue of whether there is a need for new transmission investment that is sufficient to justify incentives was put to rest by section 219."[15] The mandate in FPA section 219 for the Commission to "promote capital investment in the enlargement,

[14] 16 U.S.C. § 824s(b)(1).

[15] *Promoting Transmission Investment through Pricing Reform*, Order No. 679, 116 FERC ¶ 61,057 at P 14 (2006).

improvement, maintenance, and operation of all facilities for the transmission of electric energy in interstate commerce" [16] is just as clear today as it was at the time of Order No. 679.

For more than a year, the Commission has been conducting proceedings and soliciting input from all interested parties on the issues related to the instant Incentives NOPR proceeding. The Commission began its inquiry in the NOI proceeding by developing an extensive record and received comments from a large number of interested parties, including from members of the American manufacturers coalition.[17] FERC expanded its inquiry through the GET workshop, which further bolstered the already robust administrative record from the NOI proceeding and provided interested parties another opportunity to submit comments for Commission consideration. As a result, prior to the issuance of the Incentives NOPR, there has already been considerable opportunity to provide the Commission with input into many of the issues underlying the incentives proposals contained in the instant proceeding. Nonetheless, the Commission has provided all interested parties with 90 days to provide comments on the Incentives NOPR.

The American manufacturers assert that "the unprecedented emergency conditions resulting from COVID-19 facing American manufacturers are necessitating the dedication of both human and financial resources to matters pertaining to public health, employee safety, and the financial viability of their businesses and, therefore, are impacting American manufacturers' ability to participate fully in an Incentives NOPR proceeding that will have significant and likely adverse financial consequences to them perhaps for a decade or more."[18]

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[16] 16 U.S.C. § 842s(b)(1).

[17] *See e.g.,* Initial Comments of the Joint Commenters, Docket No. PL19-3 (June 26, 2019).

[18] American manufacturers' Motion at page 4.

As the American manufacturers correctly point out, "[t]he national emergency caused by the COVID-19 outbreak has impacted every segment of the U.S. economy."[19] In the wake of the current COVID pandemic health crisis, the economic consequences have been severe. At present, the country faces unemployment and economic contraction at levels not seen since the Great Depression. The need for quick, decisive action to promote investment in major infrastructure projects that can help spur a sustained, robust and vigorous economic recovery has never been greater.

Fulfilling the mandate of FPA section 219 to "promote capital investment in the enlargement, improvement, maintenance, and operation of all facilities for the transmission of electric energy in interstate commerce" would contribute to putting the nation's economy on the road to recovery. A WIRES-sponsored study issued in the aftermath of the last economic recession found that transmission investment in the range of $12 billion to $16 billion annually over the course of a 20-year period would stimulate $30 billion to $40 billion in annual economic activity (sales and resales of goods and services) and support 150,000 to 200,000 full-time jobs each year over the 20-year period.[20] The economic benefits from a sustained period of robust capital investment in transmission projects would be impactful and extensive.

The Commission's re-examination of its transmission incentives policy has been ongoing for over a year, and FERC should bring the Incentives NOPR to resolution sooner rather than later in order to foster needed investment in transmission infrastructure. Collectively, WIRES members have demonstrated the ability to invest billions of dollars in capital to build complex large-scale transmission projects that bring substantial economic and reliability benefits to

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[19] *Id*.

[20] The Brattle Group, *Employment and Economic Benefits of Transmission Infrastructure Investment in the U.S. and Canada*, at 33 (May 2011).

customers and the grid over the course of decades. These projects create hundreds of thousands of direct and indirect well-paying jobs. They also generate sizable tax revenues to state and local governments that provide funding for thousands of first-responder jobs and local projects.

A significant factor in making these investments has been the ability of transmission providers to rely upon well-settled Commission policies and precedents. A stable policy that provides certainty with respect to the incentives the Commission believes are needed to promote investment in transmission projects where needed is a critical component to attracting adequate investment in transmission infrastructure.[21] The sooner FERC completes final action on the Incentives NOPR and takes steps to promote capital investment in needed transmission infrastructure, the sooner the economic and reliability benefits of those projects can be realized.

WIRES recognizes that the Commission must balance the requests from some interested parties for more time to comment on the incentives proposals with the need to provide a stable and adequate policy to incentivize needed transmission infrastructure development that provides customer and reliability benefits and will, as a separate matter, result in badly needed economic revitalization during these unprecedented times. However, delaying the comment period to an ill-defined "sixty days after the conclusion of the national emergency related to the COVID-19 health pandemic or October 1, 2020, whichever is later" as proposed by the American manufacturers is harmful to the development of transmission and counter to the need for electric transmission companies to be ready to invest in transmission as part of any economic revitalization plan. WIRES urges the Commission to maintain a schedule for submission of

[21] Similarly, Commission should act promptly to provide a stable and sustainable policy that results in just and reasonable ROEs that are adequate to attract investment in needed transmission infrastructure in the *Inquiry Regarding the Commission's Policy for Determining Return on Equity*, Docket No. PL19-4-000.

comments that allows for final action on the Incentives NOPR to be completed in a timely and expeditious manner.

III. CONCLUSION

The Commission must act to incentivize needed investment in transmission infrastructure. In order to do that, the Commission must bring the record in this proceeding to completion, and it should do so on a timely and expeditious basis. Accordingly, the motion for extension of time should be denied, or alternatively, to the extent the Commission further extends the comment period in this proceeding, WIRES urges the Commission to do so for a minimal period of no more than two to four additional weeks.

Respectfully submitted,

/s/ Larry Gasteiger

Larry Gasteiger
Executive Director
WIRES
1325 G Street, N.W., Suite 500
Washington, DC 20005
(202) 449-7673
lgasteiger@exec.wiresgroup.com

May 4, 2020

CERTIFICATE OF SERVICE

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

Dated at Washington, D.C. this 4th day of May 2020.

/s/ *Larry Gasteiger*

WIRES
1325 G Street, N.W., Suite 500
Washington, D.C. 20005