

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

Interregional High Voltage Direct
Current Merchant Transmission

Docket No. AD22-13-000

**Comments of the R Street Institute on the Request for a Technical Conference on Merchant High
Voltage Direct Current Facilities**

In a Nov. 10, 2022 filing, Invenenergy Transmission LLC requested that the Federal Energy Regulatory Commission (Commission or FERC) hold a technical conference to discuss the removal of barriers to the development of interregional merchant high voltage direct current transmission. Merchant high voltage direct current (MHVDC) projects offer both transmission and grid support capabilities, potentially making them promising tools in response to growing net load variability experienced in regional transmission operators (RTOs). The R Street Institute (RSI) submits these comments to encourage FERC to prioritize the removal of barriers faced by MHVDC projects, however we defer to the Commission on the best procedural vehicle to make it happen.

The Commission should prioritize both an interregional transmission planning rulemaking and removal of barriers to MHVDC. These can be pursued in the same or separate proceedings. The options pose various trade-offs for Commission staff and stakeholders' resources. Based on the maturity of the record, if the Commission wishes to expedite an interregional planning rulemaking that excludes MHVDC, RSI encourages the Commission to announce a separate proceeding addressing MHVDC barriers on a timeline that complements development of the interregional planning rulemaking.

This should be a top priority. Interregional transmission infrastructure offers well-understood reliability, resilience and economic benefits. A workshop organized by Commission staff in December 2022 included several panelists documenting benefits obtainable by expanded interregional transfer capability.¹ The U.S. Department of Energy's recently released draft National Transmission Needs Study concluded there was a pressing need for additional transmission infrastructure, and that interregional transmission development resulted in the largest benefits.² The Energy Department's study includes a survey of nearly 50 reports conducted by the National Laboratories, academics, the electric industry and industry consultants each conducted under different assumptions, with a variety of methods, and with diverse research goals in mind. The reports are near uniform in finding significant potential reliability, resilience and economic benefits from transmission expansion.

Importantly, current transmission planning processes have not resulted in the best projects. The Commission's proposed rule regarding *Regional Transmission Planning and Cost Allocation and Generator Interconnection* referenced "mounting evidence that the Commission's regional transmission planning and cost allocation requirements may be inadequate to ensure Commission-jurisdictional rates remain just and reasonable and not unduly discriminatory or preferential."³

The NOPR proposes to expand the time horizon and range of scenarios considered in regional transmission processes in ways that help identify projects yielding clear benefits to consumers.⁴

However, as under existing regional planning processes, the quality of interregional planning outcomes will depend critically on the quality of governance. When stakeholders are excluded from planning processes or denied access to information necessary to examine transmission proposals including non-transmission alternatives, the quality of regional transmission planning processes suffers. RSI encourages action on that proposed rulemaking.⁵

Had current regional and interregional transmission planning and development processes been well suited to the task, studies of potential benefits of additional transmission expansion should see longstanding issues addressed and new projects identified as generation and consumer load patterns change. Instead, interregional projects with demonstrated benefits get delayed or abandoned after years of procedural battles and the associated benefits remain largely unachieved. Proposed MHVDC projects would have saved lives and helped avoid billions of dollars in damages during Winter Storm Uri in February 2021, had those projects been built in a timely manner.⁶ While this event alone would justify deep reconsideration of procedures governing interregional transmission policies, Winter Storm Elliot provided additional evidence.⁷

RSI agrees with Invenergy that MHVDC face barriers to development in addition to other challenges to effective interregional projects. However, merchant barriers are just one of several important concerns the Commission should address regarding interregional transmission. For these reasons, RSI encourages FERC to prioritize an interregional transmission planning rulemaking and remove barriers to MHVDC. These efforts may be pursued in the same or separate proceedings, and we defer to the Commission on the best procedural vehicle to make it happen.

Conclusion

RSI respectfully requests the Commission consider the comments contained herein.

Respectfully submitted,

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¹ Federal Energy Regulatory Commission, “Staff-Led Workshop on Establishing Interregional Transfer Capability Transmission Planning and Cost Allocation Requirements,” Dec. 5, 2022. <https://www.ferc.gov/news-events/events/staff-led-workshop-establishing-interregional-transfer-capability-transmission>.

² “Draft National Transmission Needs Study,” U.S. Department of Energy, last accessed March 2, 2023. <https://www.energy.gov/gdo/national-transmission-needs-study>.

³ 87 Fed. Reg. 26504 (May 4, 2022). <https://www.federalregister.gov/documents/2022/05/04/2022-08973/building-for-the-future-through-electric-regional-transmission-planning-and-cost-allocation-and>.

⁴ Jennifer Chen and Devin Hartman, “Transmission Reform Strategy from a Customer Perspective: Optimizing Net Benefits and Procedural Vehicles,” *R Street Policy Study* No. 257, May 2022. <https://www.rstreet.org/research/transmission-reform-strategy-from-a-customer-perspective-optimizing-net-benefits-and-procedural-vehicles>.

⁵ “Comments of the R Street Institute on the Notice of Proposed Rulemaking: Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection,” Docket No. RM21-17-000, Oct. 17, 2022. https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20220817-5207.

⁶ Michael Goggin, “Transmission Makes the Power System Resilient to Extreme Weather,” ACORE and Grid Strategies LLC, July 22, 2021. <https://acore.org/transmission-makes-the-power-system-resilient-to-extreme-weather/>.

⁷ Michael Goggin and Zachary Zimmerman, “The Value of Transmission During Winter Storm Elliott,” ACORE and Grid Strategies LLC, February 2023. <https://acore.org/wp-content/uploads/2023/02/The-Value-of-Transmission-During-Winter-Storm-Elliott-ACORE.pdf>.

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