

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

Inquiry Regarding the Commission's Electric)
Transmission Incentives Policy)

Docket No. PL19-3-000

COMMENTS OF ADVANCED ENERGY MANAGEMENT ALLIANCE

Advanced Energy Management Alliance (“AEMA”)¹ submits these comments (“Comments”) regarding the Federal Energy Regulatory Commission (“Commission” or “FERC”) Docket No. PL19-3-000, Inquiry Regarding the Commission’s Electric Transmission Incentives Policy. The Commission issued the Notice of Inquiry on March 21, 2019 with Initial Comments due on June 26, 2019.

AEMA is a trade association under Section 501(c)(6) of the federal tax code whose members include national distributed energy resource companies and advanced energy management service and technology providers, including demand response (“DR”) providers, as well as some of the nation’s largest demand response and distributed energy resources. AEMA members support the beneficial incorporation of distributed energy resources (“DERs”) into wholesale markets for purposes of achieving electricity cost savings for consumers, contributing to system reliability, and ensuring balanced price formation. This filing represents the collective consensus of AEMA as an organization, although it does not necessarily represent the individual positions of the full diversity of AEMA member companies.

¹ Advanced Energy Management Alliance website: <http://aem-alliance.org>.

I. EXECUTIVE SUMMARY

AEMA submits these comments in response to the Commission’s Notice of Inquiry (“NOI”) regarding the scope and implementation of the Commission’s transmission incentives policy and on how the Commission should evaluate future requests for transmission incentives in a manner consistent with Congress’ direction in section 219 of the Federal Power Act (“FPA”). AEMA member companies provide solutions to consumers to support cost-effective, reliable delivery of electricity by ensuring continued service throughout distribution or transmission grid disturbances or removing consumer load from the system during periods where higher levels of congestion occur in the consumers’ load pocket. AEMA respectfully requests that the Commission require consideration of non-wires alternatives, as potentially more cost-effective solutions to transmission investment, to be included in all future applications for transmission incentives.

II. REQUIRE CONSIDERATION OF NON-WIRES ALTERNATIVES

In cases where there is a more cost-effective, viable non-wires alternative (“NWA”) to transmission projects, the NWA should be considered in determining whether the transmission project merits receiving transmission incentives. Under section 219 of the FPA, transmission incentives will be recovered through transmission rates charged by the utility or the Regional Transmission Organization. If a NWA is found to be more cost-effective than the transmission project, incentivizing transmission investment could adversely impact consumers, relative to adopting the NWA.

For the purpose of these Comments, AEMA adopts the definition for NWA provided by Navigant in its 2017 Non-Wires Alternatives report: “Non-wires alternatives is defined as ‘an electricity grid investment or project that uses non-traditional transmission and distribution

(T&D) solutions, such as distributed generation (DG), energy storage, energy efficiency (EE), demand response (DR), and grid software and controls, to defer or replace the need for specific equipment upgrades, such as T&D lines or transformers, by reducing load at a substation or circuit level.’² Other terms that are commonly used for NWA include non-wires solutions (NWS) and non-transmission alternatives (NTA).

In the Commission’s 2012 Incentives Policy Statement, the Commission provided guidance regarding consideration of alternatives. Under that policy, an applicant is expected to demonstrate that alternatives to the project have been, or will be, considered in either a relevant transmission planning process or another appropriate forum. The Commission stated that “[s]uch a showing should help identify the demonstrable consumer benefits of the proposed project and its role in promoting a more efficient, reliable and cost-effective transmission system.”³ This policy set the foundation for valuation of applications for transmission incentives under FPA section 219 and requires consideration of alternatives. AEMA, however, believes that this guidance does not go far enough. Under the 2012 Policy Statement, the consideration of alternatives could be satisfied by evaluating “transmission or non-transmission alternatives.” Under the existing policy, AEMA is concerned that applicants could choose to compare transmission alternatives and disregard the potential cost-savings that NWAs can provide. AEMA believes that future Commission policy for considering alternatives in connection with transmission incentive applications should require consideration of NWAs. AEMA respectfully requests that the Commission explicitly require an assessment as to whether NWAs have the ability to defer costly transmission investments while still providing the necessary services.

² Navigant, Non Wires Alternatives, 2017, available at <https://www.navigantresearch.com/reports/non-wires-alternatives>.

³ Promoting Transmission Investment Through Pricing Reform, 141 FERC ¶ 61,129 (2012) (2012 Incentives Policy Statement).

AEMA believes this request would appropriately build upon the foundation laid in the 2012 Policy Statement, consistent with the Commission’s commitment to evaluate policy issues, trends, and developments in transmission investment that may warrant modifications to the Commission’s incentives policy. When Order No. 679 and the accompanying 2012 Policy Statement were released, the growth of expertise and interest of utilities and third-party providers to deliver NWAs that can cost-effectively deliver reliable solutions to consumers may not have been expected. Since 2012, the industry has seen a trend toward increased adoption of NWAs to defer costly investments to the benefit of consumers. Several utilities⁴ have undertaken efforts to adopt NWAs instead of pursuing more costly transmission investment upgrades in recent years. Providing additional context for the increased popularity of NWAs, E4TheFuture, Peak Load Management Alliance, and Smart Electric Power Alliance collaborated to produce their 2018 report on Non-Wires Alternatives, in which the authors noted that as of November 2018 over 100 NWA projects were under consideration in utility planning processes.⁵

The Non-Wires Alternatives report includes ten NWA case studies showing the benefits that NWA can provide by deferring costly investments. Included in this report are the estimates of cost savings resulting from the ability to defer costly transmission investments. The following table includes a non-exhaustive inclusion of these case study cost savings.

Table: Transmission Investment Deferral Amounts for Select NWA Case Studies

Case Study	Deferred Investment
ConEdison – Brooklyn Queens Demand Management	\$ 1.2 billion

⁴ See story for summary of projects: <https://www.utilitydive.com/news/non-wires-alternatives-whats-up-next-inutility-business-model-evolution/446933/>

⁵ Chew, B., Myers, E. H., Adolf, T., & Thomas, E. (2018, November). Non-Wires Alternatives. Retrieved from https://e4thefuture.org/wp-content/uploads/2018/11/2018-Non-Wires-Alternatives-Report_FINAL.pdf.

Program	
Consumers Energy – Swartz Creek Energy Savers Club	\$1.1 million
GridSolar – Boothbay	~\$12 million
National Grid – Tiverton NWA Pilot	\$2.9 million

Source: SEPA, PLMA, and E4TheFuture, 2018.⁶

Another example of the industry trend shifting to consideration of NWAs in transmission planning processes includes the 2017 decision by Bonneville Power Administration (“BPA”) not to build a proposed transmission line that had been considered in the I-5 Corridor Reinforcement Project. The project was initially proposed in 2009. In its May 2017 letter, BPA Administrator and Chief Executive Officer Elliot Meinzer stated that: “My decision today reflects a shift for BPA – from the traditional approach of primarily relying on new construction to meet changing transmission needs, to embracing a more flexible, scalable, and economically and operationally efficient approach to managing our transmission system. We will also increase our reliance on advanced technology, robust regional planning, industry standard commercial practices and coordinated system operations.”⁷ Among the five transformational approaches identified by BPA is inclusion of NWA measures. Meinzer further explained that BPA has already put into place “non-wires measures to manage generation and loads to reduce peak congestion [that] will launch this summer. We also will look to use cutting-edge grid technologies such as battery storage and flow control devices to proactively manage congestion and further extend operational capacity of the existing system.”⁸ The BPA decision represented a commitment to

⁶ Chew, B., Myers, E. H., Adolf, T., & Thomas, E. (2018, November). Non-Wires Alternatives. Retrieved from https://e4thefuture.org/wp-content/uploads/2018/11/2018-Non-Wires-Alternatives-Report_FINAL.pdf.

⁷ See Department of Energy, Bonneville Power Administration letter, https://www.bpa.gov/Projects/Projects/I-5/Documents/letter_I-5_decision_final_web.pdf, Page 1

⁸ See Department of Energy, Bonneville Power Administration letter, https://www.bpa.gov/Projects/Projects/I-5/Documents/letter_I-5_decision_final_web.pdf, Page 3

adopt transmission planning practices that holistically consider how to deliver the best value to customers while meeting reliability requirements. AEMA believes the Commission should adopt a similar shift in the Commission's incentives policy to explicitly require consideration of NWAs.

III. CONCLUSION

WHEREFORE, AEMA respectfully requests the Commission accept these Comments on the NOI and modify its transmission incentives policy to explicitly consider whether non-wires alternatives are available to defer transmission investments prior to approving any transmission incentive applications.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Katherine Hamilton".

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