

**UNITED STATES DEPARTMENT OF ENERGY**  
**2009 National Electric Transmission Congestion Study**

**COMMENTS OF**  
**INTERNATIONAL TRANSMISSION COMPANY d/b/a ITC*TRANSMISSION*,**  
**MICHIGAN ELECTRIC TRANSMISSION COMPANY, LLC,**  
**ITC MIDWEST LLC AND ITC *Great Plains*, LLC**

Pursuant to the United States Department of Energy's ("DOE") directives, International Transmission Company d/b/a ITC*Transmission*, Michigan Electric Transmission Company, LLC ("METC"), ITC Midwest LLC ("ITC Midwest"), and ITC Great Plains, LLC ("ITCGP") (collectively, "ITC" or "ITC Companies") hereby file these Comments in response to the DOE 2009 National Electric Transmission Congestion Study ("2009 Congestion Study" or "Study"). ITC*Transmission*, METC and ITC Midwest are independent stand-alone transmission companies engaged exclusively in the transmission of electric energy in interstate commerce. Transmission service over ITC*Transmission*'s, METC's and ITC Midwest's facilities is provided by the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO") pursuant to the Midwest ISO Transmission, Energy and Operating Reserve Markets Tariff. ITC Great Plains, LLC is a stand-alone transmission company that is likewise, engaged exclusively in the transmission of electric energy in interstate commerce pursuant to the Southwest Power Pool Open Access Transmission Tariff. In support hereof, the ITC Companies state as follows:

**I. NOTICES AND COMMUNICATIONS**

All communications and correspondence with respect to this submittal should be served upon the following individuals:

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## **II. Comments**

ITC appreciates the opportunity to submit comments on the DOE 2009 Congestion Study and applauds Congress' direction to identify transmission-constrained renewable energy resources and analyze and provide recommendations for developing adequate transmission capacity. The Study correctly identifies the major obstacles to preventing the build-out of needed transmission capacity, which are: 1) regional and inter-regional planning; 2) cost allocation; 3) complications relating to siting or permitting across multiple jurisdictions; and 4) the clogged queue process used to interconnect renewable energy generation to the transmission grid. ITC has encountered these issues directly in development of the Green Power Express ("GPE") project<sup>1</sup>. The GPE is a 765 kV backbone transmission network that will include approximately 3,000 miles of transmission lines across seven states and 20 utility service territories with 12,000 MW of capacity to deliver wind and stored energy from the Dakotas, Minnesota, and Iowa to the Midwest load centers. As such, ITC is actively engaged in policy development initiatives to promote needed development of regional transmission facilities.

### Regional and Inter-regional Planning

Regional and Inter-regional planning analyses should capture the quantitative and qualitative benefits of transmission over the planned life of the asset, not just for a

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<sup>1</sup> Note that on page 59 of the Study, GPE was incorrectly identified as a merchant transmission proposal.

moment in time. Transmission planning should be independent and focused on meeting current and future needs of the system and be removed from the influence of individual parochial interests. In addition, an independent regional transmission plan should foster a robust competitive wholesale market. These elements are needed to get regional transmission projects planned and built.

### Cost Allocation

Who pays for regional transmission is one of the most critical policy issues impeding transmission development today. A cost allocation methodology that supports regional transmission development should reflect the numerous (quantitative and qualitative) and broad reaching benefits of extra-high voltage transmission facilities. For example, Southwest Power Pool (“SPP”) recently filed and FERC approved the Highway/Byway cost allocation methodology that appropriately acknowledges the vast regional benefits of 345kV and above assets by sharing the associated costs across the region.

Some advocate that those who pay for transmission should only do so in direct proportion to the specific, identifiable, quantifiable, benefits as they are known today. In fact, effective cost allocation policy must be structured to recognize qualitative benefits of transmission such as the ability to meet public policy objectives, greater system stability, lower reserve margins, access to more diverse generation resources, reduced carbon emissions and other environmental impacts. Trying to guess today who will be using and benefiting from the transmission system in 40 years with any level of accuracy is impossible and not reflective of reality.

## Renewable Energy Zones

Designating renewable energy zones is vital to planning for future transmission expansion and should be encouraged as a matter of national policy. ITC currently participates in the Midwest ISO Regional Generation Outlet Study (“RGOS”), among other such efforts, and supports the identification of renewable energy zones and the transmission needed to support them. However, studies do not get transmission built; a corresponding transmission policy is needed.

A good example of proactive policy in this area is Michigan’s Public Act 295 (“PA295”). PA295 established a board to analyze the wind potential in the state, identified the best resource-rich wind zones, and included a provision to build transmission (if needed) to accommodate the potential of the identified zones with expedited siting to ensure transmission is built to support renewable energy resource development within the state. This approach should be considered at the regional and national level.

## Legal Challenges

It is important to note that many of the projects to support the development of renewable resources are still in the planning stages due to uncertainty on cost allocation and therefore may prove to have additional challenges to what was documented in the Study. In fact, it is likely that legal challenges related to cost allocation issues will arise as regional projects are approved in planning processes. Future analysis of legal challenges after regional planning and cost allocation are addressed could provide further insight.

## Recommendations

Finally, in Section 6.3, the Department refrains from providing recommendations for achieving adequate transmission capacity. ITC urges DOE to act as an impartial arbiter and provide the recommendations directed in the American Reinvestment and Recovery Act of 2009. Though there are a number of forums where barriers to transmission development are being addressed, policy makers must take a leadership role in promoting options that will foster a national energy policy that addresses transmission inadequacy.

### **III. CONCLUSION**

WHEREFORE, the ITC Companies appreciate the opportunity to file these Comments and ask that they be taken into account in this proceeding.

June 29, 2010.