

September 9, 2011

Mr. David H. Meyer  
Office of Electricity Delivery and Energy Reliability (OE-20)  
U.S. Department of Energy  
1000 Independence Avenue SW  
Washington, D.C. 20585

Re: Delegation by the Department of Energy to the Federal Energy Regulatory  
Commission of Authority to Conduct Congestion Studies and Designate Corridors  
for Interstate Electric Transmission Projects

Dear Mr. Meyer:

The Michigan Public Service Commission (Michigan Commission) shares the Department of Energy's (DOE's) view that an efficient, reliable electric transmission grid is critical to the economy and security of the United States. The Michigan Commission, however, does not share DOE's conclusion that the proposed delegation of additional authority to the Federal Energy Regulatory Commission (FERC) to conduct congestion studies, designate project-specific national interest electric transmission corridors (NIETCs) and to establish a process for commencing the federal backstop proceedings in all areas of the United States simultaneous with the applicant's filing for state siting authority will improve the efficiency of the existing process for planning and construction of a national transmission grid. To the contrary, DOE's proposal would cause duplication and result in inefficiencies, particularly in markets currently served by regional transmission organizations (RTOs).

The Michigan Commission notes that in most of the United States, transmission planning is coordinated through an RTO, such as the Midwest Independent Transmission System Operator, Inc. (MISO). These RTOs already have approved transmission planning protocols that can span multiple states. In addition, FERC recently issued Order No. 1000<sup>1</sup> which requires inter-regional planning between RTOs, as well as regional and inter-regional planning between utilities that do not belong to an RTO. If the pending inter-regional compliance filings required by Order No. 1000 are successfully implemented with a correspondingly appropriate cost allocation methodology, inter-RTO transmission planning would also have defined protocols approved by FERC.

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<sup>1</sup> Transmission Planning and Cost Allocation By Transmission Owning and Operating Public Utilities, 136 FERC ¶ 61,051 (2011) (Order No. 1000).

Rather than DOE delegating to FERC the responsibility to implement a federal backstop process that would require duplication of congestion studies done in RTO markets and trigger a project specific backstop review prior to the commencement of various state siting approval processes, the DOE should delegate and task FERC to implement the regional and inter-regional changes only in those areas where there is a demonstrated need for the federal backstop. Contrary to DOE's conclusion (at page 3), the fact that no construction permits have been issued for projects in NIETCs does not "clearly" mean that the backstop process is not effective on a national basis. To the contrary, the Michigan Commission and many other RTO stakeholders are active participants in a robust RTO transmission planning process within the Midwest ISO.

In addition, Order No. 1000 will require inter-regional planning protocols between the Midwest ISO and neighboring RTOs. The imposition of a detailed federal backstop process, as envisioned in the proposal, on top of the existing and Order No. 1000 planning protocols will be inefficient. At most, any to-be-filed inter-regional planning protocol could include a procedure to utilize federal assistance such as that envisioned by the DOE on an as-needed as-requested basis. The detailed and proactive DOE delegation proposal perhaps should be limited, as a last resort, to geographic regions that do not have RTOs and where FERC finds that such areas have been unable to develop the effective inter-regional transmission planning protocols envisioned by Order No. 1000.

The Michigan Commission further notes that congestion studies are already being performed by RTOs per the transmission planning protocols noted above, and as such any delegation of responsibility to FERC should include careful consideration and coordination with other congestion study processes to avoid duplication of work already done by local, regional and RTO technical staff experts. Such coordination would be especially critical in areas covered by FERC-approved RTO planning protocols or if requested by an approved to-be-developed inter-regional RTO planning protocol.

The Michigan Commission requests DOE to clearly differentiate the coordination and planning functions at the federal level from state planning processes, such as the process of granting construction siting authority vested in various state laws. For Michigan, these laws include 1929 PA 69, 1995 PA 30, and 2008 PA 295. Any coordinated planning process for local, regional, and inter-regional transmission projects must recognize the applicable State siting authorities already in place. Such recognition is clearly set forth in Order No. 1000 at Paragraph 107.

The Michigan Commission appreciates the opportunity to provide comments on DOE's proposal.

Respectfully submitted,  
Michigan Public Service Commission

/s/Orjiakor N. Isiogu  
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Chairman of the Michigan Public Service Commission

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cc: Steven Chu, Secretary of Energy  
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Chairman Jon Wellinghoff, Federal Energy Regulatory Commission  
Commissioner Cheryl LaFleur  
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Commissioner John Norris  
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