

December 10, 2015

Vicente Ordax  
Florida Reliability Coordinating Council, Inc.  
Bayport Plaza  
3000 Bayport Drive, Suite 600  
Tampa, Florida 33607-8410

By email to [Regionalprojects@frcc.com](mailto:Regionalprojects@frcc.com)

Dear Mr. Ordax,

I write regarding the request for comments on the FRCC Planning Committee report ("Report") and the FRCC process relating to Cost Effective or Efficient Regional Transmission Solutions ("CEERTS") projects generally. Florida Energy Connection ("FE") does not have any specific comments on the Report. However, the Report, indeed how the entire process has played out, highlights some of the many fundamental flaws with the FRCC CEERTS process. FE urges the FRCC board direct FRCC to initiate a "lessons learned" stakeholder process to remedy these fundamental flaws.

## **1. Insufficient Need Identification And Local Plan Certainty**

The most apparent deficiency of the FRCC regional process that was brought to light in the current implementation is the fact that transmission system needs are not fully identified. Transmission needs are supposed to be identified by the FRCC roll up of local transmission plans. These local transmission plans become the initial regional plan. Attachment N-2, Appendix 1, J; See also Attachment N-2 at 1.1 stating that:

The initial transmission plan submitted to the FRCC by the Transmission Provider, which results from the Local Transmission Network Planning Process as set forth in Appendix 1 to this Attachment N-2, will be posted by the FRCC in accordance with the FRCC Regional Transmission Planning Process (reference link to Initial Plans on the FRCC website). . . . The Transmission Provider relies on the FRCC Committee process to finalize its initial transmission plan as submitted to the FRCC.

The transparency requirements of the respective tariffs, including the flow charts in both Attachment n-2 and Appendix 1 do not identify an opportunity for a Transmission Provider to subsequently change the submitted local plan.

Despite the fact that needs which can be met through CEERTS submittals are so narrow that the process will rarely identify a project that a) connects to multiple systems, b) is over 230 kV, c) is over 15 miles, and d) displaces projects in the plan, CEERTS proposals were submitted in response to the initial regional plan. FE and another entity accepted the rolled up local transmission plans as reflected in the initial regional plan at face value, invested our resources and time, and each a \$100,000 proposal submittal fee, to propose CEERTS projects to replace a project in the plan.

It was only after the submission of proposed CEERTS projects to replace a project submitted to the FRCC in a local transmission plan that the transmission provider that had submitted the plan asserted that its project was unnecessary and that it was removing the project from its local transmission plan. As a result, the FRCC and its members spent resources and time addressing a project for which there was apparently no need. Furthermore, despite the provisions of Attachment N-2, Section 1.2.1 that “the Transmission Provider, in collaboration with other transmission providers, FRCC staff, and other FRCC members, shall identify and evaluate whether there are more efficient or cost-effective regional transmission solutions to regional transmission needs relative to the transmission facilities in the initial regional transmission plan” the FRCC determined that the need for the originally submitted project would be determined, not at the expense of the transmission provider that submitted and then removed the project, but at the expense of CEERTS project sponsors who had relied on the submission in the first instance.

This situation could also be remedied if FRCC were to identify the transmission system need, as is the practice in other jurisdictions, rather than the project that could be replaced. In PJM, NYISO, SPP, MISO, and other planning regions the base case models specific to a project need (i.e. a specific set of violations identified under a specific set of contingencies) are released to potential developers at the onset of proposal windows. This allows all entities to submit proposals in response to a specific need, and craft a technical proposal to best resolve the stated need. In the case of the FRCC CEERTS submittals, developers were guessing at the need.

FE believes that FERC’s transparency requirements mandate that the submitted local plan developed through the FERC approved local planning process, that are rolled up into the FRCC process should only change through the FRCC regional process or the in the next local plan submitted. If Duke Energy Florida’s (“Duke”) approach is followed, there is nothing keeping Duke from proposing, including in the near term if its assumptions change, the same line that it just removed from the initial regional plan. Similarly, if the local plan can be adjusted outside the formal planning process, there is nothing keeping incumbent transmission providers from holding back potential regional projects from the plan until after the CEERTS process closes. Neither scenario meets the FERC requirements for an open and transparent process.

## **2. Unmet Need Not Defined In The Tariff**

In addition to the stated needs identified by the initial regional plan, the tariff requires the ability for projects to be submitted to meet an “unmet need”. This could be an economic project or a project to meet a public policy objective that is not otherwise addressed by projects in the initial regional plan. However, as was brought to light in the process, “unmet needs” within FRCC are not known or knowable because there is no such transmission planning within FRCC. During the discussion around the CEERTS submittals, stakeholders raised the possibility that the submittals should be evaluated against potential unmet needs. Without addressing whether it is appropriate to make charges against the submittal fee to evaluate a project against unmet needs when the project proposal was submitted to address an identified need, the larger issue is that the determination of unmet needs is inappropriately vague. Since there is no economic planning within FRCC, it is not known how such an

analysis would be undertaken. The FRCC should initiate a process to conduct baseline economic analysis in order to identify if there is congestion within FRCC, in order to evaluate if there may be unmet needs.

### **3. Timing of Proposal Submittals**

Based on the series of events that occurred in the initial Order No. 1000 process, FE is concerned that the FRCC managed regional transmission planning process would appear to allow changes to project proposals on timelines that are inconsistent between incumbent and non-incumbent transmission providers. As noted, although included in the initial regional plan, Duke was permitted to remove a project after submission of CEERTS proposals to replace that project. This allowed the incumbents to see proposals of new entrants and act accordingly. Similarly, Duke could have, after having seen the cost and cost containment provisions of the CEERTS proposals, modified its own cost and/or cost containment provisions. All details of the incumbent project, including cost and cost containment proposals must be submitted to FRCC at the same time to avoid any party having an unfair advantage in the process. It seems unlikely that the Duke project would have been removed from the local plan if there were not CEERTS project proposals proposed to replace the project. Allowing incumbent developers to modify their proposals later in the process creates a fundamental unfairness that the FRCC should address. Further, as also referenced above, if incumbent transmission providers are able to remove projects from the local transmission plan after that plan has been submitted to the FRCC and rolled into the initial regional transmission plan, an incumbent provider could likewise argue that it can add projects after the deadline for CEERTS submittal. The FRCC should address this anomaly in the process.

### **4. Comparative Evaluation Lacks Sufficient Definition**

Although this initial CEERTS process did not get to the comparative evaluation stage of the process, the process nevertheless highlighted potential concerns with any eventual evaluation. As described above, there was tremendous uncertainty as to the manner in which any evaluation would be done, which in this instance related only to whether the originally identified project was needed. FE is concerned that without additional specificity as to the manner in which the evaluations the FRCC must conduct are undertaken, the FRCC will be incapable of meeting its tariff obligations to make a fair, non-discriminatory comparative analysis of submitted proposals.

Based on the foregoing, FE suggests that the FRCC board direct FRCC to initiate a stakeholder process to incorporate the lessons learned in this initial Order No. 1000 regional process into the planning process and pursue tariff changes as appropriate to remedy the identified flaws. Please feel free to contact me at (636) 532-2200 or Sharon Segner at (571) 384-7103 with any questions.

Sincerely,

Lawrence Willick  
Senior Vice President