

**United States House of Representatives  
Select Committee on the Climate Crisis**

**Hearing on May 20, 2021  
“Powering Up Clean Energy:  
Investments to Modernize and Expand the Electric Grid”**

**Questions for the Record**

**Linda Apsey  
President and CEO  
ITC Holdings Corp.**

**The Honorable Kathy Castor**

- 1. Ms. Apsey, investments in transmission would benefit ratepayers across the country, increase reliability, create American jobs, and enable reductions in carbon pollution from the electricity sector. These widespread benefits suggest that modernizing and expanding the electric grid should be a goal that Americans of all political stripes can support. Should investing in transmission be part of bipartisan infrastructure legislation?**

I fully agree that investing in transmission infrastructure should be a bipartisan priority, and I have been pleased to note the bipartisan support in Congress for investment in this critical infrastructure. Investing in a modernized, expanded transmission grid offers wide-ranging benefits to communities across the nation and to Americans of all political stripes. Well-planned transmission investments can accelerate clean energy adoption, increase the resilience of the electric system, and create high-paying jobs in communities that need them most.

As I noted in my testimony, transformative transmission investment cannot occur absent supportive federal, state, and regional policies. In recent years, Congress has made a good start at addressing this need by introducing legislation that would create a functional interregional planning process, streamline and strengthen federal siting authority, and provide financial incentives to large, transformative projects. Congress’ focus on these issues has sent a strong signal to the private sector and helped to build consensus around the need for action. I am hopeful that Congress will now take the next step and seize this opportunity to pass legislation that supports investments in a 21<sup>st</sup> century electric grid that will benefit all Americans.

- 2. Ms. Apsey, the February 2021 winter storm in Texas and the mid-continent led to the freezing of critical equipment, power outages, and even deaths. The Southwest Power Pool (SPP) region was able to import power from the PJM Interconnection, which limited power outages. Unfortunately, Texas could not do the same because of much smaller ties to the other interconnections. Experts concluded that SPP would have been even better off had there been more transmission between PJM and the Midcontinent Independent System**

**Operator (MISO) and between the northern and southern parts of MISO. How can transmission lines promote grid reliability as climate change increases the frequency of extreme weather?**

As the nation's largest independent electric transmission company, ITC owns and operates high-voltage transmission infrastructure in Michigan, Iowa, Minnesota, Illinois, Missouri, Kansas and Oklahoma. These areas of the United States frequently experience blizzards, windstorms, flooding, and other natural disasters, and ITC has observed an undeniable increase the frequency and severity of these extreme weather events. As recent history has proven, severe weather can cause emergency conditions and outages, particularly in areas that do not have strong transmission connections with neighboring regions.

As the nation faces increases in severe weather, transmission provides crucial flexibility and redundancy in the system to prevent outages and resulting human and economic costs. Strong transmission connections within and between regions allow system operators to leverage geographic and resource diversity when responding to extreme conditions. Further, transmission can reduce the amount of generation needed to meet capacity requirements, which reduces the probability of generation-related outages in isolated pockets of the system.

The ability of transmission to enhance resilience is clear; however, today's transmission planning regime does not fully value the resilience benefits of potential projects. To enhance the ability of the electric system to withstand severe weather, a more proactive and holistic approach to regional and interregional planning is needed. As a first step, regions should engage with their neighbors in interregional planning that incorporates resilience considerations, which today is not required.

**3. Ms. Apsey, we have hundreds of gigawatts of wind, solar, and storage projects stuck in interconnection queues. I am working on legislation to help reduce interconnection costs and clear out these queues through broader cost allocation and deployment of grid-enhancing technologies. How would consumers benefit from clearing out the interconnection queues for new wind, solar, and storage projects?**

To the extent that interconnections can be accelerated, consumers will benefit from access to lower cost generation, cleaner air, and high-quality infrastructure jobs. In ITC's view, the best way to address queue backlogs is to adopt a "transmission-first" proactive planning approach that facilitates regional and inter-regional transmission build. The current practice, which focuses on incremental additions to the system for each new generation source, imposes significantly higher costs over the long-run and results in the backlogs we see today.

As you correctly note, transmission cost allocation continues to be a major obstacle to transmission development and the interconnection process. In order to properly recognize beneficiaries of transmission, policymakers should provide supportive cost allocation mechanisms that consider multiple benefits and assign costs accordingly. This, along with a proactive regional planning process, will help to accelerate the queue process and provide significant benefits to consumers.

**4. Ms. Apsey, you stated in your testimony that an investment tax credit could support transmission expansion. According to a recently released report from the American Council on Renewable Energy (ACORE), an investment tax credit for transmission could spur 4,000 miles of high-capacity lines, capable of serving 30 gigawatts of new renewable energy**

**projects. If completed, these lines and new projects would create over 600,000 jobs and spur \$15 billion in new investment. Please describe the kinds of benefits you anticipate from an Investment Tax Credit.**

A well-designed Investment Tax Credit for transmission can offer a useful tool to promote large, transformative transmission projects that can accelerate renewable development and enhance system resilience. For non-regulated transmission projects (sometimes known as “merchant” projects), the story is simple; an investment tax credit reduces the costs that must be recovered through contracted rates, making it easier to secure the necessary agreements and move ahead to construction.

For regulated transmission projects, an investment tax credit can help to reduce the costs that customers must bear for major lines. This, in turn, can help to secure project approval, which is often done based on an accounting of costs and benefits. The tax credit can also make it easier to secure broad cost allocation agreements amongst stakeholders, which are necessary to build regional and interregional transmission. Further, if the tax credit is limited in duration, this can help encourage stakeholders to move ahead with projects faster to ensure they qualify for the credit within the eligibility window.

For FERC-regulated projects, policy design is key to ensure the tax credit works as intended. ITC believes it is important that the credit is only available to those projects that need it to move forward, rather than available retroactively to projects which have already secured key approvals (and would move ahead regardless). If this is achieved, the tax credit can be a meaningful “tool in the toolbox” to support significant new investments in beneficial transmission infrastructure.

### **The Honorable Jared Huffman**

- 1. In addition to more renewable energy, we want a grid that doesn’t spark fires every time the wind blows. As someone who represents arid California, how will these grid modernization investments also address the fire-prone nature of our current grid?**

ITC’s footprints are located in the Midwest, which rarely experiences wildfires. Instead, our region experiences severe cold, windstorms, flooding, and high summer temperatures. As such, I can only speak to ITC’s experience managing resilience risks specific to our footprints. However, we believe the principle that grid modernization and expansion can enhance resilience by adding flexibility and redundancy to the system holds true regardless of the specific nature of the threat.

In ITC’s view, electric infrastructure cannot be made fully resilient through any single program or set of design codes. Instead, resilience must be pursued through a multi-faceted commitment to enhanced design standards, proactive system maintenance, aging infrastructure replacement, and long-term system planning that prioritizes enhanced transfer capability and critical path redundancy. All of these measures have a cost, which must be considered against the nature of the risk, hand-in-hand with regulatory authorities and key stakeholders.

Given the regional differences in resilience threats, local transmission owners best understand the unique geographies and needs of their systems. In consultation with regulators and stakeholders, transmission owners should be afforded flexibility to pursue resilience measures best suited to region-specific threats.