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November 9, 2017

VIA E-MAIL AND REGULAR MAIL

Allie Bury, Legislative Clerk
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

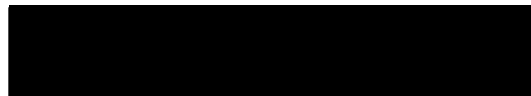
**Re: Hearing before the Subcommittee on Energy entitled "Powering America"
Consumer Oriented Perspectives on Improving the Nation's Electricity
Markets"**

Dear Ms. Bury:

As requested in Chairman Upton's letter of October 30, 2017, attached are the Division of Rate Counsel's responses to his supplemental questions.

Please let us know if you require anything further.

Very truly yours,



Stefanie A. Brand
Director, Division of Rate Counsel

SAB:dlb
Enclosure

Additional Questions for the Record

The Honorable Fred Upton

1. In response to Order 719, the RTO's and ISO's established a range of programs and functions to comply with FERC's consumer-focused reforms. For example, PJM now has a Consumer Advocate liaison on staff and the other RTO's have other ways to receive feedback from consumer interests.

a. Has FERC Order 719 increased the responsiveness of RTOs and ISOs to customers and stakeholders?

b. Does FERC need to undertake additional steps to represent consumer interests? What steps?

(a) FERC Order 719 required the RTOs and ISOs to establish practices and procedures to enhance the responsiveness of the RTO and ISO Boards to the needs of their customers and other stakeholders. In Order 719, FERC declined to require specific measures, but ordered the RTO/ISOs to submit Compliance Filings to explain what they had done to increase responsiveness as required by the Order. FERC indicated that it would review the filings based on four criteria:

- Inclusiveness, *i.e.*, ensuring that any affected customer or stakeholder has the opportunity to communicate its views to the RTO/ISO Board;
- Fairness in Balancing Diverse Interests, *i.e.*, ensuring that the interests of customers or other stakeholders are equitably considered in the stakeholder process;
- Representation of Minority Positions, *i.e.*, ensuring that minority positions are communicated to the ISO/RTO Board; and
- Ongoing Responsiveness, *i.e.*, ensuring procedures that provide for stakeholder input in RTO/ISO decisions and communication and information exchange throughout the decision-making process.

As a result of Order 719, there have been improvements in the responsiveness to consumer interests. As noted, PJM has a dedicated staff person serving as the liaison with consumers and other public interest groups. The liaison certainly helps facilitate ongoing interaction between consumer advocates and PJM staff and this has been helpful in educating both the advocates and PJM staff on a variety of issues. In addition,

consumer advocates, via PJM's Liaison Committee, are allotted time to present issues of interest directly to PJM's Board of Directors. However, the Liaison Committee meets only four times per year. At each meeting, the issues that will be discussed are pre-determined by PJM and the total two hours allotted for each meeting must be divided up among all of the stakeholder sectors. Thus, the actual time that the end-use sector gets to discuss these pre-determined issues is generally about fifteen minutes or so at each meeting. That time is then divided up among the members of the sector, including consumer advocates, so that the advocates' time with the RTO Board is extremely limited.

While helpful, these measures are not sufficient to overcome the issues described in my testimony. The complexity of the issues and the sheer number of meetings that occur at the RTO make it difficult for resource-strapped consumer advocates to keep up and participate in all meetings that affect their constituents. As noted in my testimony, the Consumer Advocates in PJM have taken steps to increase our participation by sharing resources and creating an organization (CAPS), which is funded through the PJM tariff, to give us a greater presence in the stakeholder process. However, that organization has one employee. So while the participation of the advocates has improved, there is still a ways to go before our voices are as loud as the representatives of other, well-funded sectors.

- (b) There are some things that could be done to expand on these improvements. CAPS-like organizations could be created and given tariff-based funding in RTO/ISOs other than PJM. At PJM, market rules are being changed and tweaked on an almost continuous basis. Perhaps better procedures could consolidate some of those changes or schedule their consideration in such a way as to reduce the number of meetings that are required.

On the transmission planning side, consideration of costs earlier in the process would help ensure that transmission is built at the lowest reasonable cost. Also on the transmission side, there has been a proliferation of "supplemental" projects that are proposed by transmission owners rather than being required to resolve potential reliability issues identified by PJM or NERC. While the RTO reviews those projects to ensure they do not interfere with reliability, neither PJM nor FERC officially approves the construction of those projects. Often, consumer advocates do not learn about these supplemental proposals until they show up on an agenda for a Transmission Expansion Advisory Committee meeting or they show up in an annual formula rate filing. At that point, the transmission owner is already moving ahead. If notice could be given of such proposals earlier, consumer advocates could be better prepared and play a greater role in determining if the project is truly needed.

These are just some suggestions of ways the process could be improved. We would welcome a renewed review by FERC of ways to improve both RTO and FERC responsiveness. We also reiterate that the creation and funding of a consumer advocate's office at FERC would help ensure that the concerns of consumers are heard. As I mentioned in my testimony, enactment of H.R. 2656 (S.1240) that would create an Office of Consumer Advocacy at FERC and provide for intervenor funding, or full funding of the Federal Power Act provisions that already allow for a consumer advocacy office at FERC, would be extremely helpful in ensuring that customers' voices are heard throughout the process.

Thank you for the opportunity to provide answers to these supplemental questions.