

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**

COMMITTEE ON ENERGY AND COMMERCE

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June 5, 2018

The Honorable Tony Clark  
Senior Advisor  
Wilkinson Barker Knauer, LLP  
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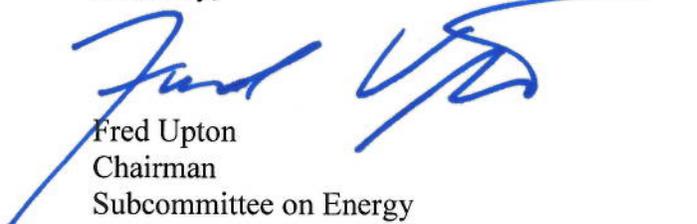
Dear Mr. Clark:

Thank you for appearing before the Subcommittee on Energy on Thursday, May 10, 2018, to testify at the hearing entitled "Examining the State of Electric Transmission Infrastructure: Investment, Planning, Construction, and Alternatives."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Tuesday, June 19, 2018. Your responses should be mailed to Kelly Collins, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to [Kelly.Collins@mail.house.gov](mailto:Kelly.Collins@mail.house.gov).

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,



Fred Upton  
Chairman  
Subcommittee on Energy

cc: The Honorable Bobby L. Rush, Ranking Member, Subcommittee on Energy

Attachment

**Attachment—Additional Questions for the Record**

**The Honorable Fred Upton**

1. In your testimony, you said that transmission incentives may be ripe for review. As you know, the *Energy Policy Act of 2005* directed FERC to create a program to award certain transmission rate incentives to transmission projects that qualified under the regime known as Order 679.
  - a. What type of review do you think FERC should conduct on its transmission incentive policy?
  - b. Is there anything Congress should do to amend the *Federal Power Act*?
2. As you know, the regulatory process for settling disputes over the appropriate base rate of return on equity for transmission was thrown into question by a D.C. Circuit decision more than a year ago. To date, this issue has yet to be addressed by FERC on remand.
  - a. With no regulatory certainty with regard to FERC's overall ROE policy, how is this affecting transmission development and financing?
  - b. Do you see a chilling effect on investment at a time when we the nation's needs new transmission infrastructure?

**The Honorable Gregg Harper**

1. The Committee has concerns that FERC's current application of the discounted cash flow (DCF) methodology for transmission ratemaking is not having the intended effect to attract capital and deploy critical new transmission infrastructure.
  - a. Would you agree that DCF, as currently utilized by the Commission, is underperforming with respect to achieving these objectives? If so, why do you believe this is the case?
  - b. Do you believe FERC's current application of the two-step DCF model should be reevaluated? Should the Commission review the assumptions and data inputs that form the basis of its two-step DCF model?
  - c. What, if any, "fixes" to the Commission's application of DCF might FERC consider? Also, what, if any, alternative models or methodologies might the Commission consider in lieu of or in addition to the DCF model to better account for factors and conditions not considered by the DCF model, including measures of capital market risk?

### **The Honorable Richard Hudson**

On April 19, FERC issued a new rule (Order No. 845) concerning revisions to the interconnection process for large generators which are over 20 MWs. The intent of this rule is to reduce the backlog of interconnection queue requests, however, these new regulations put the onus on the transmission provider to develop new procedures to accommodate additional flexibility for interconnecting generators. The interconnection process is already quite complicated with several studies often required to determine the impact of the new generation on the transmission grid with various deadlines for each specific step in the process. This was manageable when there were only a handful of interconnection requests in a year. However, these queues have grown more recently due to the significant increase in the number of smaller-sized interconnection requests for wind and solar generation. Developers typically put in several requests at one time, knowing that many of them will not get built. In some cases, there is more proposed generation in the queue than the total customer load in a particular area.

1. Do you believe that this new interconnection rule will alleviate these backlogs?
2. How would modifications made by interconnection customers affect the interconnection studies of later-queued requests?
3. Would you agree that vertically-integrated utilities may already be better positioned with addressing grid resilience in transmission planning since generation, transmission and distribution needs can be evaluated holistically through the IRP process?

### **The Honorable Scott Peters**

1. As climate change continues and we see more frequent and more intense natural disasters destroying our grid, how is the grid affected in terms of capital costs and how do those costs affect consumers?