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ONE HUNDRED FIFTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
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June 5, 2018

Dr. Ralph Izzo
Chairman, President, and CEO
Public Service Enterprise Group Incorporated
80 Park Plaza
Newark, NJ 07101

Dear Dr. Izzo:

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.

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. PSEG opposed Order 1000 from the start when it was initially proposed in 2010. Setting aside the concerns you have with the transmission planning process, do you believe that there should be competition among incumbent utilities like PSEG and new transmission developers? If not, why not?

2. In your written testimony, you provided a number of bullets highlighting some disappointing facts. Notably, not one of the non-RTO planning regions have provided even a single competitive transmission bidding opportunity, and that in the RTO regions there have just been a handful of bidding opportunities.

    a. While I recognize that you are advocating for the outright repeal of Order 1000, do you believe that there is any way to salvage FERC's competitive transmission development objective?

3. We've heard some concerns that large investor-owned utilities (IOUs) may prefer to invest in capital-intensive transmission projects to increase their rate base *instead* of selecting less-expensive projects that can achieve the same effect at a lower cost to consumers.

    a. Do we have regulatory policies in place that create an incentive to spend more simply to increase a utility's rate base?

The Honorable Gregg Harper

1. As you know, FERC has effectively lacked a return-on-equity (ROE) policy ever since the D.C. Circuit struck down its policy (i.e., Opinion No. 531) more than a year ago. In the absence of a clear and stable ratemaking policy, how are transmission owners and developers responding to this uncertainty? As a CEO of a major utility with transmission projects, what is your perspective on this matter?

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?