Statement of

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Hearing on
The State of the Nation's Energy Infrastructure

Committee on Energy and Commerce, Subcommittee on Energy
United States House of Representatives
February 27, 2017

Chairman Upton, Ranking Member Rush, and distinguished members of the Subcommittee, I am Brian Slocum, Vice President of Operations, ITC Holdings Corp. (ITC), and I greatly appreciate the opportunity to speak before you today. As the largest independent electricity transmission company in the country, ITC owns and operates electric transmission assets in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois, Missouri, Kansas, and Oklahoma. As we have no geographic constraints, ITC also focuses on new areas where significant transmission system improvements are needed. ITC is proud of our record of investing in the grid to improve reliability, expand access to markets, lower the costs of delivered energy, and allow diverse new generating resources to interconnect to our transmission systems.

We are standing at the gateway to a modernized electric grid that will play an integral role in powering America. A modernized grid will create opportunities to increase system resilience and deliver more cost effective energy, including increased utilization of wind and solar energy that will create more

than 150,000 jobs and save consumers billions annually. However, there are regulatory hurdles that must be overcome to help us achieve these objectives.

At the conclusion of today's hearing, I hope to leave the Committee with two very clear takeaways: (1) investment in the transmission grid is needed now to grow, sustain, and protect our 21st century economy, and (2) with a supportive regulatory approval environment, the private sector stands ready to make these vital investments in our nation's infrastructure.

While there have been efforts by the Trump Administration to reform the existing regulatory process for siting electric transmission, additional reforms in federal permitting and environmental review processes are needed. New development is delayed, and sometimes thwarted by unnecessarily complex and burdensome requirements. In addition, we need to take proactive steps to reform our procedures for planning and approving new transmission lines. Regulatory reforms to planning and siting processes for new infrastructure can help ensure that the right investments to strengthen our grid and our economy are realized.

To begin, I would like to highlight the growing importance of transmission infrastructure to our economy by briefly reviewing its origins. In the earliest incarnations of the grid, transmission lines were typically built for a single purpose: to move electricity from generating plants to local utilities, which would then distribute power to homes and businesses, usually within a single utility footprint. Then, as FERC and individual states opened wholesale and some retail electricity markets to competition, the grid became more than just a one-way delivery system for individual utilities. Today, the transmission grid needs to serve as a non-discriminatory regional platform for connecting consumers to energy markets. In many areas, Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) have been formed to develop the transmission grid on a regional basis, achieving substantial new investments and benefits for customers. The transmission system is expected to not only be reliable and economic, but also to support state-level public policy goals, provide us with access to diverse generation resources across the country, and remain resilient in the face of shifting natural and man-made threats. As our expectations of the grid have increased, so too have the drivers for new investments in transmission infrastructure.

While it is important to understand today's needs, the continued success of our nation's economy requires understanding the energy needs of tomorrow. Transmission lines are long-lived assets, usually remaining in service for 40 years or more, and major lines often take nearly a decade to plan and develop. As a result, much of our time is spent thinking about the future to guide today's investment decisions. Here, the story is clear: as our economy becomes more and more dependent on reliable and affordable access to electricity, the demands we place on the transmission grid will only increase. First, we expect to see a continued shift in the nation's generation fleet as aging traditional plans retire and new resources seek to interconnect to the transmission system. Second, we expect consumer and policy demands drive the economy to become more electrified, which is likely to dramatically change how much electricity is needed, how it is produced, and where it used. Finally, the grid will need to become a reliable integrator

of new technologies, including storage and distributed generation sources. Clearly, to ensure we are ready for the future economy, we need to make smart, proactive investments in the grid today.

Planning a grid that will serve our future demands requires us to consider many scenarios, while also preparing for potential threats to our vital infrastructure. The range of threats to the grid has grown and now includes cyber and physical attacks in addition to extreme weather and geomagnetic storms. Because the grid is so integral to economic growth and security, there is a growing recognition that we need to make sure it is both reliable for everyday use and resilient against things that we may not expect. We now understand that *redundancy* in the transmission system (in other words, the existence of multiple pathways to connect electricity to consumers) offers perhaps the strongest protection against adverse events that can impact generation resources or the transmission system itself. Whatever the future may bring, we need a modern transmission system to provide us with optionality to respond to unexpected challenges.

To support and protect the 21st century economy, we need a stronger, more regionally integrated transmission grid. Investing in this grid now will help protect the resilience of our electric system and economy, and allow us to take advantage of resource diversity across the nation, all while keeping electricity prices low for consumers and businesses. And, like other forms of critical infrastructure, investments in transmission can create and support thousands of well-paying jobs, both directly during construction and through increased economic growth along the path and over the life of the system. Indeed, according to a recent report on transmission benefits released by the WIRES coalition and London Economics, job creation and economic benefits achieved through transmission development can be substantial and long lasting[1].

[1] Frayer , J., Wand, E., Yang, R., Leslie, J., Duan, J., & Lan, T. How Does Electric Transmission Benefit You? Identifying and measuring the life-cycle benefits of electric transmission. 2017.

I would also like to emphasize that theoretically, an investment of zero federal dollars is fully capable of resulting in a strengthened grid, lower energy prices, increased resilience, and significant job creation in our local communities. As noted earlier, the private sector is ready to make these investments in the future grid, provided the regulatory environment is conducive to investment.

But that certainly doesn't mean the federal government has no role in this electrified future. Congress is positioned to play a pivotal role in enabling the transmission industry to create a 21st century grid for America.

- First, we applaud efforts by Congress to streamline the permitting process for new infrastructure. We also applaud recently-passed legislation to provide regulatory certainty surrounding the acquisition of transmission assets.

  Today, permitting for a major interstate transmission line can take nearly a decade due to the need to secure a range of federal, state and local permits. On the federal side, the National Environmental Policy Act (NEPA) approval process has historically suffered from a lack of coordination between participating agencies and uncertainty surrounding completion timelines.

Although progress has been made through the adoption of title 41 of the FAST Act (FAST-41), we believe there may be additional opportunities to gain efficiencies in the permitting process.

As an example, ITC is currently developing a major transmission project connecting Iowa and Wisconsin that will help to relieve congestion and deliver clean energy to load centers in the Midwest. For this project, ITC initiated the multi-agency NEPA process in 2016 and submitted its notice as a covered project under FAST-41 in 2017, a framework which includes oversight and coordination by OMB, as well as other Federal agencies and entities. Despite efficiencies gained through the application of FAST-41 requirements for agency coordination, we still do not expect the process to conclude until late 2019 or 2020. Based on this timeline, we expect to place the completed line in service in 2023.

In order to ensure the NEPA process can be completed in a reasonable amount of time, while also maintaining the strong commitment to environmental stewardship we all share, Congress could consider a number of options, including: requiring concurrent NEPA analysis and environmental reviews by all permitting agencies; requiring cooperating agencies to use the information already contained in the lead agency's NEPA document as the basis for their permit related reviews; and setting a firm deadline on the NEPA process. We believe these are best practices that can expedite permitting without weakening NEPA or the environmental review process. Achieving greater efficiency could in fact improve environmental outcomes by expediting the integration of renewable resources and storage solutions.

ITC believes that states should continue to have a strong role in the regulatory process, and ITC continues to work through the siting processes in states in which it does business. At the same

time, federal regulators should be empowered to assume responsibility to route a project if a state process fails to move forward. One example of the need for a new approach is the recently proposed Northern Pass transmission project in New Hampshire and Massachusetts. Without commenting on the merits of the specific project, it is clear that the process was long, arduous, and ultimately unsuccessful. Another approach could be to refine DOE's ability to designate federal siting corridors by addressing concerns that made backstop siting provisions in the Energy Policy Act of 2005 ineffective.

- Second, we need to be able to use the latest and most comprehensive methodologies to plan and approve new transmission lines, to ensure we are making the right investment in our future economy. Transmission planners at utilities and RTOs and ISOs need to be given the ability to use "Full Value Analysis" when they are evaluating regional transmission projects and determining how to share their costs. Planning the grid based on Full Value Analysis would require that the benefits of a potential investment are examined comprehensively, by integrating a range of project benefits and planning drivers, including fuel diversity, system resilience, and proactive planning for new interconnections, into criteria for approving projects. To implement this, Congress could consider asking FERC to initiate a rulemaking to adjust its regulations to encourage RTOs, ISOs and utilities to implement a Full Value Analysis process in their regional planning and cost allocation procedures.

We also need to support the construction of new transmission lines that connect RTOs and ISOs, which today are still highly separated. More interregional connections will increase system flexibility and resilience against potential threats. A "Full Value Analysis" rulemaking process

implemented by FERC for projects that connect regions would help to us to identify and promote these opportunities, while still allowing for regionally flexible approaches to joint planning.

Thank you again for the opportunity to testify before the Committee. I look forward to answering any questions you may have.