



January 31, 2012

Office of Electricity Delivery and Energy Reliability, OE-20
U.S. Department of Energy
1000 Independence Avenue SW.
Washington, DC 20585

RE: Preparation of the 2012 Congestion Study

On behalf of our more than one million members and supporters, National Audubon Society submits this letter in response to the Department of Energy's (DOE's) request for comments on the preparation of the 2012 Congestion Study ,76 Fed. Reg. 70122 (Nov 10, 2011).

Under the mandate of the Energy Policy Act of 2005, DOE conducts an assessment of electric transmission congestion every three years. In preparation for the next review of the nation's grid, DOE has requested comments on what data inputs and analysis approaches are appropriate for the 2012 Congestion Study, with emphasis on additional publicly available information sources relevant to this analysis. The Federal Register notice lists a number of data sources that might be included; all of these are appropriate. Among these, National Audubon suggests that the findings from the DOE-funded interconnection-level planning efforts are deserving of particular emphasis, and that the lessons learned in the EIPC, EISPC, and WECC processes should guide and inform the interpretation of data from *all* resources used in the 2012 Study.¹

Audubon has participated as an active, core member of the NGO Caucus throughout the EIPC process and continues its participation now in to 2012. We have also participated in the Environmental Data Task Force in the WECC. The interconnection-level planning processes have provided tremendous value by greatly increasing the transparency of planning assumptions and methods, especially across the multiple planning authorities in the east. This transparency has yielded important lessons about current transmission planning practices, about the areas where inconsistencies across planning authorities are greatest, and has highlighted in new ways the strengths and shortcomings and overall disparities of the methodologies in use today.

Information that has become public for the first time as a result of the interconnection-level processes must now be integrated in to the 2012 Congestion Study. Millions of dollars of taxpayer money have been invested in the interconnection-level planning processes; now, with

¹ EIPC = Eastern Interconnection Planning Collaborative, EISPC = Eastern Interconnection States Planning Council, WECC = Western Electricity Coordination Council.

the 2012 Congestion Study, the important findings of this work can be applied to the need assessment and designation process for national interest electric transmission corridors.

For example, over the course of 2010 and 2011 planning stakeholders have identified a host of inconsistencies in transmission planning practices, ranging from how planned and potential new generation and transmission projects are treated in baseline forecasts, to how public policy impacts are (or are not) incorporated in projections. Stakeholders also noted that market structure (i.e., whether or not a state or region has been deregulated) also seemed to influence the likelihood of generation or transmission resources appearing in the regional planning analysis horizon. Numerous other lesser variations in methods were readily found as well.

This new knowledge of inconsistencies in planning approaches within and between interconnections necessitates a new look at how the Department creates a national assessment of grid conditions pieced together from disparate building blocks. At minimum, it will be important to identify whether projections of congestion problems are standardized in the congestion Study in a way to adjust for these inconsistencies or whether the study findings utilize and embed these varying and inconsistent approaches. We urge the Department to explicitly describe its approach to handling these newly recognized inconsistencies in inputs, tackling head on one of the most important factors that will affect how the 2012 Congestion Study is received by the public and by jurisdictional authorities at the time it is issued.

In addition, we urge DOE to explicitly identify how the Congestion Study will deal with newly documented methodological deficiencies with respect to co-optimization of supply, demand, and transmission resources. One of the most significant shortcomings identified in the EIPC planning process was the inconsistent and incomplete handling of energy efficiency and demand response resources. Planning authorities differ widely in their forecasting assumptions and analytical treatment of these resources. Compounding this wide-ranging variation in regional practices, the modeling tool used for the interconnection-level analytics was incapable of handling energy efficiency and demand response in a manner consistent with the handling of generation resources. The model was also incapable of co-optimizing between generation and transmission resources.

Projections for resource and transmission expansion need can be significantly overestimated if demand-side measures are not properly accounted for in the modeling. The inability to conduct optimization analytics across the full set of supply, demand, and transmission resources is a major and fundamental deficiency in current transmission planning practices. Analytics that cannot properly assess the appropriate levels deployment of the lowest cost energy resource fundamentally fail to serve the public interest. The 2012 Congestion Study should explicitly discuss how DOE addresses this deficiency; without resource co-optimization, a reasonably credible cost-benefit analysis of building new inter-regional transmission will be hard to attain.

In conclusion, it is essential that the 2012 Congestion Study fully utilize the important findings of the interconnection-level planning processes to inform its determinations of persistent congestion and need for national interest electric transmission corridors. Incorporating the best available public data is important; equally important is the proper interpretation, synthesis, and assessment of data inputs. DOE is well positioned to capture the lessons learned from the EIPC,

EISPC, and WECC processes of the last 18 months; clearly laying out these lessons and their application to the 2012 Congestion Study will significantly benefit the overall assessment. Audubon looks forward to the Department's interpretation and application of this important new knowledge.

Sincerely,

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National Audubon Society