Interconnection Policy Workshop Session 3

Melissa Alfano
malfano@seia.org
Manager of Regulatory Affairs & Counsel

June 22, 2021

SEIA Solar Energy Industries Association®

Powering the Solar+ Decade

About SEIA

Building a strong solar industry to power America

Federal, State & Local Policy

Climate & Equity

Managing Growth

Trade, Technology & Manufacturing

SEIA Solar Energy Industries Association®

Guiding Principles

Ratemaking

- Network upgrades upgrade the transmission owner's transmission system.
- Costs should be allocated to those who have caused them or benefit from them.
- Ratemaking is an art, not a science.

Siting

- The definition of efficient siting is currently based on a transmission owner-centric view that may not reflect the full benefits of network upgrades.
- Siting of generation may depend on state policies.

Public Policy

- States have the authority over generation.
- Generation that comes online because of state policies may trigger the need to network upgrades to transmission systems. FERC has authority over transmission.

Potential Cost Allocation Approaches

Interstate Highway Model	Under this approach, 90% of the cost of network upgrades would be paid for by the federal government, whether it be through a direct payment or tax mechanism, and the remaining 10% would be paid for by the state in which the network upgrade is located.
State Underwriting Option	States voluntarily take responsibility for funding network upgrades.
Integrated Planning Approach	Incorporate resource planning into transmission planning. Any network upgrades identified in this planning process would be allocated in the same was transmission upgrades are allocated.

An All of the Above Approach

- Federal Level
  - Federal government designates high voltage transmission corridors. ITCs would assume the responsibility to building these projects. PJM would include these corridors in planning process as baseline projects, following existing cost allocation rules.

- State Level
  - States designate resource rich zones. PJM studies the network upgrades needed to connect the resources in the resource rich zone to the federally designated lines. Those network upgrades allocated as baseline projects.

- Local Level
  - PJM would study impact on DERs on transmission system to determine what are the network upgrades avoided as a result of these distributed resources. The transmission network upgrade savings would be passed on to the distributed energy resource owner by incorporating the distribution upgrades into baseline planning.

Questions?