**UNITED STATES OF AMERICA**

**BEFORE THE**

**FEDERAL ENERGY REGULATORY COMMISSION**

|  |  |  |
| --- | --- | --- |
| PJM Interconnection, L.L.C.Baltimore Gas and Electric Company, PJM Interconnection, L.L.C. | ::: | Docket No. ER14-2864-000Docket No. ER14-2867-000 (Not Consolidated) |

**REQUEST FOR REHEARING
SUBMITTED ON BEHALF OF**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

# I. INTRODUCTION

 Pursuant to Rules 212 and 713 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (Commission), 18 C.F.R. 212 and 385.713, the Public Utilities Commission of Ohio (PUCO) respectfully requests rehearing on the Commission’s Order approving amendments to PJM Interconnection, L.L.C. (PJM)’s tar­iffs that address a combination of reliability, market efficiency, and public policy objectives known as Multi-Driver Projects..

# II. BACKGROUND

 Order 1000 establishes criteria for determining the cost allocation methodology for regional transmission facilities (Regional Facilities). Specifically, the cost of Regional Facilities must be allocated in a manner commensurate with the estimated benefits of a proposed transmission project.[[1]](#footnote-1) Order 1000 established safeguards from unjust and unreasonable rates.[[2]](#footnote-2) Parties with no present or likely future benefits from a transmission project should not be involuntarily allocated the costs of such transmission projects.[[3]](#footnote-3)

 In PJM’s Order 1000 compliance proceeding, the Commission found that a Regional Facility shall have costs allocated 50 percent annually on a load-ratio share basis, and 50 percent annually on a distribution factor (DFAX) analysis. Regional Facili­ties are defined as double-circuit 345 kV facilities (but less than 500 kV) and all facilities that operate at voltages of at least 500 kV.[[4]](#footnote-4)

 In this proceeding, the Commission approved the PJM Transmission Owners’ tar­iff revisions for “boosted” multi-driver transmission projects. A “boosted” multi-driver transmission project occurs when either a Proportional or Incremental Multi-Driver pro­ject would not have qualified for region-wide cost allocation *but for* the inclusion of a State Agreement Approach public policy driver. Understanding that the State Agreement Approach public policy driver caused the project to meet the criteria for Regional Facili­ties cost allocation, the Commission adopted a cost allocation of 20 percent load-ratio share basis and 80 percent on a DFAX analysis for the non-public policy drivers.

 However, the Commission erred in approving this cost-allocation methodology. There are no region-wide benefits in a “boosted” multi-driver project. Accordingly, the PUCO respectfully requests that the Commission grant rehearing and find that “boosted” multi-driver projects should have the non-public policy costs allocated entirely on a DFAX analysis.

# III. STATEMENT OF ISSUE

 In accordance with Rule 713(c), 18 C.F.R. 385.713(c), the PUCO provides the fol­lowing statement of issue and specification of error:

The Commission incorrectly concludes that there are region-wide benefits associated with a “boosted” multi-driver trans­mission project.

# IV. ARGUMENT

## A. The Commission incorrectly concludes that there are region-wide benefits associated with a “boosted” multi-driver transmission project.

 The PUCO maintains that “boosted” multi-driver projects do not provide region-wide benefits. In light of the fact there are no regional benefits to “boosted” projects, the Commission’s order is unjust and unreasonable, and assigns costs to entities that are unlikely to benefit either at present or in a likely future scenario.

### 1. A “Boosted” multi-driver project does not provide region-wide benefits.

 A multi-driver transmission project is comprised of a combination of transmission facilities that meet reliability, market efficiency or public policy needs. The regional transmission facilities contained in a traditional multi-driver project confer regional bene­fits and are subject to region-wide cost allocation. However, the non-public policy driv­ers in a “boosted” multi-driver project are not needed for region-wide reliability or mar­ket efficiency purposes, but rather address transmission needs identified by PJM at a lower voltage level.

 Commission precedent confirms that region-wide cost allocation will not be trig­gered unless a transmission project is a double-circuit 345 kV or 500 kV facility. Fur­ther, costs for public policy transmission projects are only allocated to states and entities that agreed to be responsible.[[5]](#footnote-5) It is inconsistent to allocate costs on a region-wide basis for a “boosted” multi-driver project that, but for the inclusion of the public policy driver, would not have met the requirements for regional cost allocation.

 It is unreasonable to assign any non-public policy costs for a “boosted” multi-driver project on a load-ratio share basis, which recognizes that there are widespread, but often difficult to quantify benefits, to a Regional Facility. With “boosted” multi-driver transmission projects, the benefits are not as ambiguous and can be quantified in a more precise manner through each individual driver. Specifically, the non-public policy driver(s) in a multi-driver project are needed to provide lower voltage transmission solu­tions, not regional reliability solutions. The Commission can accomplish the benefits of a multi-driver project while ensuring just and reasonable rates by finding that any “boosted” multi-driver projects that would result in region-wide cost allocation should be entirely allocated through a DFAX analysis, as there are no region-wide reliability bene­fits with such projects.

### 2. Because “boosted” multi-driver projects do not provide region-wide reliability benefits, the Commission’s Order is unjust and unreasonable as it assigns costs to entities that are unlikely to benefit from the projects either at present or in a likely future scenario.

 Since “boosted” multi-driver projects lack the region-wide reliability benefits associated with a Regional Facility, the costs associated with non-public policy drivers are unreasonably shifted onto states and entities that do not receive any benefits from these “boosted” facilities. Allocating costs on a region-wide basis for “boosted” multi-driver projects would cause states and entities to unreasonably pay for a project in which there is no present or likely future benefit, in violation of Cost Allocation Principle No. 2.[[6]](#footnote-6)

 For example, as the state of Ohio reflects approximately 21 percent of PJM’s load[[7]](#footnote-7), it would be assigned a significant portion of the costs associated with any “boosted” multi-driver project. In the event there is a “boosted” multi-driver project in which the underlying lower voltage reliability project that was subject to DFAX cost allo­cation is located exclusively in eastern PJM states, and an additional driver is added to benefit an eastern PJM state’s public policy objectives, the multi-driver project is thrust into region-wide cost allocation, causing western PJM states to be unreasonably assigned costs that provide no regional benefit. The state of Ohio alone would pay significant costs for a “boosted” multi-driver project which, but for the addition of a public policy driver, would have assigned costs only to those states and entities that benefit from the project. The PUCO is not challenging the allocation of costs for a multi-driver project that is not “boosted.” However, the PUCO reiterates that it is unjust and unreasonable to assign costs from non-public policy drivers to states and entities that do not benefit from “boosted” multi-driver projects.

# V. CONCLUSION

 For the foregoing reasons, the PUCO respectfully requests that the Commission grant rehearing and find that “boosted” multi-driver projects should have non-public pol­icy costs assigned entirely through DFAX analysis, as there are no region-wide benefits associated with “boosted” multi-driver projects.

Respectfully submitted,

*/s/ Jonathan J. Tauber*

**Jonathan J. Tauber**

Ohio Federal Energy Advocate

Public Utilities Commission of Ohio

180 East Broad Street

Columbus, OH 43215-3793

614.644.7797 (telephone)

614.644.8764 (fax)

jonathan.tauber@puc.state.oh.us

*/s/ Thomas W. McNamee*

**Thomas W. McNamee**

180 East Broad Street, 6th Floor

Columbus, OH 43215-3793

614.466.4397 (telephone)

614.644.8764 (fax)

**Attorney for the**

**Public Utilities Commission of Ohio**

# VI. CERTIFICATE OF SERVICE

 I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

*/s/ Thomas W. McNamee*

**Thomas W. McNamee**

Dated at Columbus, Ohio this March 19, 2015.

1. *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities,* Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011) at 622. [↑](#footnote-ref-1)
2. Cost Allocation Principle No. 2 [↑](#footnote-ref-2)
3. FERC Stats. & Regs. ¶ 31,323 at 637. [↑](#footnote-ref-3)
4. *PJM Interconnection, L.L.C.,* 142 FERC ¶ 61,214. [↑](#footnote-ref-4)
5. Tariff, Schedule 12, Section (b)(i)(A)(xii)(B). [↑](#footnote-ref-5)
6. See PSEG Protest at 7-8. [↑](#footnote-ref-6)
7. *Percentage of PJM Load by State*, Monitoring Analytics (Aug. 14, 2014), [http://www.monitoring
analytics.com/data/pjm\_load.shtml.](http://www.monitoringanalytics.com/data/pjm_load.shtml.) [↑](#footnote-ref-7)