

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Ohio Power Siting    )  
Board's Report to the General Assembly    ) Case No. 21-796-EL-UNC  
Regarding the Power Transmission System    )

---

**COMMENTS  
OF  
THE OHIO MANUFACTURERS' ASSOCIATION ENERGY GROUP**

---

**I. INTRODUCTION**

R.C. 4906.105 requires the Ohio Power Siting Board (OPSB) to submit a report to the General Assembly by December 1, 2021 as to whether the current requirements for the planning of the power transmission system and associated facilities investment in Ohio are cost effective and in the interest of consumers.<sup>1</sup>

On July 14, 2021, OPSB issued an Entry directing stakeholders to file comments on the requirements of the Transmission Report by August 4, 2021. Thereafter, timely comments were submitted by the Ohio Manufacturers' Association Energy Group (OMAEG), Ohio Power Company and AEP Ohio Transmission Company, Buckeye Power, Inc., Duke Energy Ohio, Inc. and Dayton Power and Light Company, Industrial Energy Users-Ohio, the Ohio Consumers' Counsel, American Municipal Power, Inc. and Ohio Municipal Electric Association, Ohio Energy Group, the Independent Market Monitor for PJM, and American Transmission Systems Inc..

OMAEG is a non-profit entity that strives to improve business conditions in Ohio and drive down the cost of doing business for Ohio manufacturers. OMAEG members and their

---

<sup>1</sup> Entry at ¶ 1 (July 14, 2021).

representatives work directly with elected officials, regulatory agencies, the judiciary, and others to provide education and information to energy consumers, regulatory boards and suppliers of energy; advance energy policies to promote an adequate, reliable, and efficient supply of energy at reasonable prices; and advocate in critical cases before the OPSB and Public Utilities Commission of Ohio (Commission). Here, OMAEG has a substantial interest in protecting the competitiveness of Ohio's manufacturers against unnecessary and ballooning transmission investment costs.

While the Report described OMAEG as "provid[ing] energy-related services to the Ohio manufacturers community," , as indicated above, OMAEG is an association of small, medium, and large manufacturers in Ohio interested in competitive, reliable, and affordable electricity. OMAEG is manufacturer-supported, manufacturer-driven, and manufacturer-governed association, and its mission is aligned with its parent organization, The Ohio Manufacturers' Association (OMA), to Protect and Grow Ohio's Manufacturing.

In its August 4, 2021 comments regarding transmission issues, OMAEG advocated that OPSB's report to the General Assembly should detail the ballooning costs of discretionary transmission investments that do not improve reliability and impede the competitiveness of manufacturers. The comments further recommended expanding OPSB's jurisdiction over certain transmission projects to allow for greater transparency and urged OPSB to adopt more stringent criteria when evaluating transmission projects.

Subsequently, on September 24, 2021, the OPSB submitted its draft report regarding the cost effectiveness of electric transmission planning in Ohio, the scope of the OPSB's jurisdiction,

and the processes used to site electric transmission lines in Ohio (hereinafter, Report).<sup>2</sup> That Entry also directed written comments and reply comments to be filed on the draft Report by October 8, 2021 and October 15, 2021, respectively. OMAEG hereby submits its initial comments on the OPSB's draft Report.

## II. COMMENTS

### A. The Report Should Clarify That OPSB Has Regulatory Authority to Protect the Public Interest with Supplemental Transmission Projects, While PJM Does Not.

The Report begins by posing a critical question: “whether current requirements [for the planning of the power transmission system and associated facilities investment in Ohio] ‘are *cost effective* and in the interest of consumers.’”<sup>3</sup> However, in the very next sentence, the Report states, “the Federal Energy Regulatory Commission (FERC) has jurisdiction over transmission cost allocation and PJM reviews transmission projects...”<sup>4</sup> This statement seems to incorrectly imply that OPSB lacks jurisdiction over cost allocation and the review of transmission projects. Indeed, OPSB has the authority to grant, deny, conditionally grant, or modify and grant applications for transmission projects.<sup>5</sup> OPSB cannot grant a transmission application unless it finds and determines the following:

- (1) the basis of need for the facility;
- (2) the nature of the probable environmental impact;
- (3) that the facility represents the minimum adverse environmental impact;
- (4) that the facility is consistent with regional plans for expansion of the electric power grid of the electric systems serving this state and

---

<sup>2</sup> Ohio Power Siting Board Report to the General Assembly Regarding the Power Transmission System (September 24, 2021).

<sup>3</sup> Report at 2.

<sup>4</sup> *Id.*

<sup>5</sup> R.C. 4906.10(A).

interconnected utility systems and that the facility will serve the interests of electric system economy and reliability;

(5) that the facility will comply with chapters of the Revised Code pertaining to air pollution control, solid and hazardous wastes, water pollution control and all rules and standards adopted under those chapters;

(6) that the facility will serve the public interest, convenience, and necessity;

(7) what the impact will be on the viability of certain agricultural land;

(8) that the facility incorporates maximum feasible water conservation practices as determined by the board, considering available technology and the nature and economics of the various alternatives.<sup>6</sup>

Accordingly, OPSB has not only the authority but the obligation to protect customers with regards to transmission projects in ways that PJM or FERC do not.

The Report also overstates the scrutiny of PJM's review process. PJM's 2021 Regional Transmission Expansion Plan (RTEP) Report explains:

The Regional Transmission Expansion Plan (RTEP) identifies transmission system additions and improvements needed to keep electricity flowing to 51 million people throughout 13 states and the District of Columbia. Studies are conducted that test the transmission system against mandatory national standards and PJM regional standards. These studies look 15 years into the future to identify transmission overloads, voltage limitations and other reliability standards violations.<sup>7</sup>

However, it is worth noting that "supplemental" transmission projects, which make up the bulk of transmission related investment, are not required through PJM's RTEP. PJM's 2021 RTEP defines "supplemental projects" as "transmission expansions or enhancements that enable the continued reliable operation of the transmission system by meeting customer service needs, enhancing grid resilience and security, promoting operational flexibility, addressing transmission

---

<sup>6</sup> *Id.*

<sup>7</sup> PJM's 2021 RTEP 2021 at 57.

asset health, and ensuring public safety, among other drivers.”<sup>8</sup> The 2021 RTEP Report further clarifies that “[s]upplemental projects are not required for compliance with system reliability, operational performance or market efficiency economic criteria, as determined by PJM” and that [s]upplemental projects may also address reliability issues for transmission facilities that are not considered under NERC requirements or other PJM criteria.”<sup>9</sup> Many of the foregoing benefits of supplemental projects, such as “customer service needs”, are inherently local and would best be addressed by OPSB rather than PJM. As compared to baseline projects required through the RTEP process, supplemental transmission projects are not subject to PJM board approval.<sup>10</sup> Instead, PJM provides a “do-no-harm analysis to ensure that a supplemental project that a TO [transmission owner] elects for inclusion in its local plan does not cause additional reliability violations.”<sup>11</sup> This is one of PJM’s core functions in the M3-process: PJM does *not* determine whether these investments are in the best financial interest of the customer; rather, they simply ensure that the grid is not worse off with them. Thus, the review is not as extensive, particularly for supplemental projects, as the Report suggests.

Similarly, FERC’s jurisdiction over transmission projects is not as extensive as described in the Report. PJM’s M3-process states: “FERC recognized that its orders do not require all transmission planning within an RTO such as PJM to be conducted by the RTO, saying, ‘[w]hen transmission owners participate in an RTO, the Commission did not require them to allow the RTO to do all the planning for *local or Supplemental Projects*. Rather, the Commission recognized ‘RTO planning processes may focus principally on regional problems and solutions, not local

---

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

planning issues that may be addressed by individual transmission owners.’”<sup>12</sup> Again, this shows that the jurisdiction of PJM and FERC is not all encompassing. And, by FERC specifically reserving regional issues to PJM while not reserving regulatory authority on local issues to PJM (a regional organization), this suggests that FERC intended local and supplemental projects to be regulated by the local, state authorities.

Troublingly, the RTEP explains that “[Transmission Owners (TOs)] develop and apply their own factors and considerations for addressing facilities at or near the end of their useful lives. Each TO explains the criteria, assumptions and models it uses to identify project drivers at the annual assumptions meeting provided under the Attachment M3 process.”<sup>13</sup> In essence, the TO, the monopoly, creates their own playbook.

The consequences of this self-regulation are evident. For instance, over the past six years the AEP transmission zone has seen a 130% increase in Network Integration Transmission Service (NITS) charges, which, along with Transmission Enhancement Charges (TEC), make up the bulk of a customer’s transmission obligation.<sup>14</sup> The increase in NITS charges across the Ohio transmission zones over the past six years are shown in Figure 1 below.<sup>15</sup>

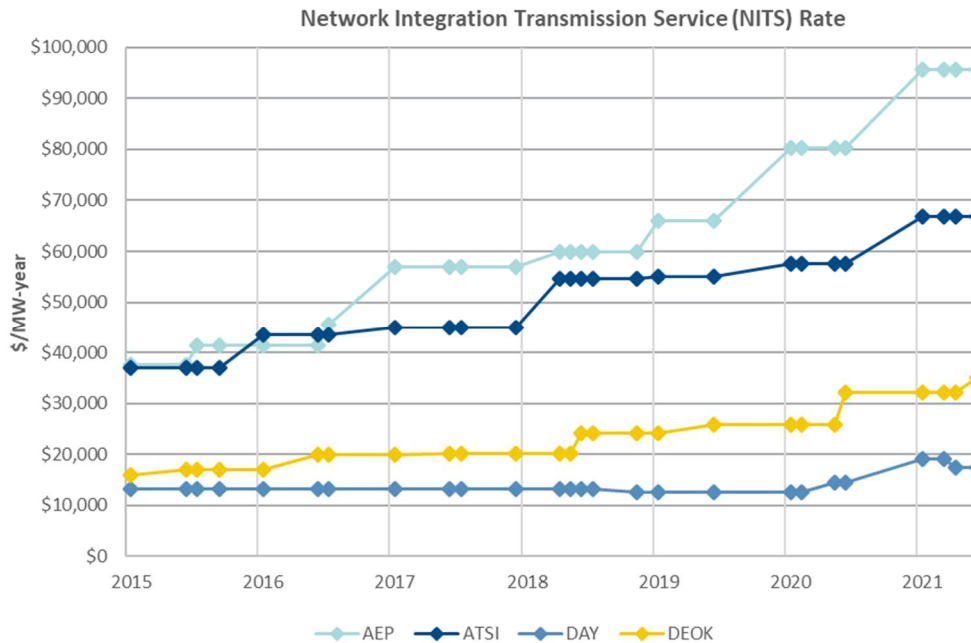
---

<sup>12</sup> PJM Transmission Owners Attachment M-3 Process Guidelines at 3 (emphasis added).

<sup>13</sup> PJM’s 2021 RTEP at 69.

<sup>14</sup> Data Compiled from PJM Data Miner 2.

<sup>15</sup> *Id.*



**Figure 1. NITS Charges in Ohio Since 2015**

Furthermore, as recognized in the PUCO’s Federal Energy Advocate (Ohio FEA) comments regarding incentives for TOs, transmission costs are ballooning out of control. The comments explained that “[i]n Ohio, \$355 million was spent on baseline and supplemental transmission projects in 2010. In 2018 and 2019 in Ohio, the level of transmission investment ballooned to \$2.4 billion and \$1.9 billion, respectively” and that “[t]his trend is not abating even with the health emergency of last year. Ohio’s 2020 transmission project investment totaled approximately \$1.12 billion. Approximately 97.6 percent of that represents supplemental projects.”<sup>16</sup>

Investment in supplemental projects continues to snowball, with TOs calling the shots, and with no natural checks and balances from a market, customer choice, or any regulating agency. At

<sup>16</sup> Ohio FEA’s Comments, Docket No. RM20-10-000.

a minimum, PJM ensures that these projects do not harm the reliability of the grid and FERC provides TOs with a great deal of self-autonomy over local planning issues.

Thus, there is clear need for intervention and regulatory oversight at the local, state level. OMAEG believes that the OPSB is well-suited to fill this role and already has the authority (and obligation) to deny projects if they are not deemed in the best interest of the public, if there is no need, or if it does not serve the interests of the electric system economy, among other reasons. Accordingly, OPSB possesses the regulatory authority and expertise to determine local issues, particularly in regards to supplemental transmission projects.

**B. Significant Transmission Investment Costs are Currently Not Defined as a “Major Utility Facility” and Ohio Lacks Transparency into These Investments.**

Before construction can begin on any major utility facility within Ohio, a certificate of environmental compatibility and public need must be obtained from the OPSB . The Ohio Revised Code defines a “major utility facility” as an electric transmission line and associated facilities of a design capacity of 100 kilovolts (kV) or more.<sup>17</sup>

However, transmission projects falling under this 100 kV requirement are financially significant. According to PJM’s 2020 RTEP Report, approved baseline projects with a design capacity less than 100 kV cost more than the total of approved 345 kV projects as well as the total of approved 500 kV projects over the past four years.<sup>18</sup> Additionally, the 2020 RTEP Report states that “2020 continues to reflect the shifting dynamics driving transmission

---

<sup>17</sup> R.C. 4906.01(B)(1)(b).

<sup>18</sup> PJM Key 2020 RTEP Report Graphics & Information.



expansion...[specifically] new large-scale transmission projects (345 kV and above) have become more uncommon as RTO load growth has fallen below one percent.”<sup>19</sup>

In Ohio, approximately 31% of total transmission system upgrades (this includes both required upgrades through the RTEP process as well as supplemental upgrades) involve projects that are less than 100 kV.<sup>20</sup> The average cost of one of these projects is \$29.9 million, only \$2.3 million less on average than projects with a design capacity above 100 kV.<sup>21</sup> Furthermore, 100% of these projects were deemed “supplemental,” meaning that they were not required to go through PJM’s RTEP process.

The Report argues that costs to consumers will increase if there is a jurisdictional change, namely expanding OPSB jurisdiction to include 69 kV and above projects. However, rejecting even a single project (or enforcing competitive bids) would make this entire process beneficial for customers. After all, the average cost of a 69 kV project is \$29.9 million.

In conclusion, a significant percentage of both transmission projects and total investment dollars are tied up in transmission projects at the 69 kV design capacity rating. Expanding OPSB’s jurisdiction over such projects will allow for greater transparency of transmission investment within Ohio and will protect Ohioans against costly and unnecessary transmission investment.

---

<sup>19</sup> PJM 2020 Regional Transmission Expansion Plan, Section 1, Page 5

<sup>20</sup> Compiled from PJM 2020 Ohio State Infrastructure Report.

<sup>21</sup> *Id.*

**C. The OPSB Should Require Competitive Bidding for Transmission Investment, Especially Supplemental Projects.**

In Section VII of the Report, OPSB proposes “an examination of competitive bidding and a requirement for an explanation if a project was not competitively bid.”<sup>22</sup> Requirements for competitive bidding are not currently included in either standard applications or accelerated applications for transmission facilities. OMAEG supports the inclusion of competitive bidding, which would have the effect of reducing project costs, the savings of which would be passed onto customers.

However, the Report does not support a requirement that transmission projects must be competitively bid to be certified. OMAEG believes that the Report does not go far enough in protecting customers in this regard. A report by the Brattle Group reveals that “between 2013 and 2017, only an estimated 3% of the total U.S. transmission investments have been subject to competitive processes.”<sup>23</sup> Additionally, the Brattle Group report found that transmission projects that were competitively bid were priced, on average, 40%, below initial project cost estimates.<sup>24</sup>

These savings are significant. For Ohio manufacturing to remain competitive, competitive pricing for infrastructure development is essential. To that end, competitive bids should be required for certification and the OPSB should use its authority to increase competition in transmission investment.

**D. OPSB Should Provide Statistics and Data in the Report on Transmission Project Applications that Come Before OPSB for Approval.**

Despite this being a report on transmission investment in Ohio, the Report provides little to no concrete numbers examining the trends of transmission project applications that come before

---

<sup>22</sup> Report at 14.

<sup>23</sup> Cost Savings Offered by Competition in Electric Transmission, The Brattle Group, April 2019 at 18.

<sup>24</sup> *Id.* at 13.

the OPSB. OMAEG recommends that the following questions be answered and included in the final report to the General Assembly.:

How many transmission projects does the OPSB review per year? What is the breakdown by transmission owner? What is the cost of each project, and in aggregate, by transmission owner? How have these numbers changed year-to-year?

Additionally, given that the OPSB has the authority to modify or deny applications for transmission projects in Ohio, the final report should examine these issues: What percentage of these projects has the OPSB modified, and what percentage of these projects has the OPSB denied? What are the specific reasons that a transmission project application has been modified or denied in the past?

Furthermore, given that the Ohio General Assembly is inquiring about cost effectiveness and need, the final report should examine these issues: How does the OPSB evaluate cost effectiveness for a transmission project application? How does the OPSB evaluate whether a project is in the best interest of Ohio ratepayers? What specific metrics does the OPSB use to validate need, how would it grade a project as unneeded?

Finally, given that the Report claims that increasing the jurisdiction of the OPSB to include 69 kV lines and greater would impose costs on ratepayers that would outweigh the benefits, the final report should explain the calculus for this determination and whether this policy alternative could be presented as a cost-benefit analysis?

**E. The Report Should Support Claims and Conclusions with Empirical Data and Clarify Any Ambiguous Language.**

The Report offers several conclusions that are unsupported by data or otherwise lack thorough analysis. For example, Section IV of the Report claims that: Lowering the OPSB's jurisdiction would not accomplish the same effect that could be accomplished by FERC directing

the regional transmission planner, PJM, to review and approve those projects.<sup>25</sup> This statement could be interpreted to mean that the OPSB cannot achieve Ohio’s policy goals of establishing need and protecting the public interest when siting transmission projects. As previously discussed, the OPSB does have the ability to deny or modify a supplemental transmission project application based on, among other requirements, the “basis of the need for the facility” and also whether “the facility will serve the public interest.” PJM does not currently have such authority in review of supplemental transmission projects.

The OPSB should clearly report to policymakers that it has the duty and responsibility, already, to deny or modify transmission project applications that are unneeded or not in the public interest. And, that this authority could be expanded to other transmission projects not currently under oversight by the OPSB. The Report makes other assertions that are not supported by data. For example, the Report states: “[t]he OPSB charges an application fee...these costs will be passed on to customers...benefits should be weighed against the potential for increased costs that would be imposed on customers.”<sup>26</sup> This sentence could be interpreted as implying that the cost of regulation exceeds the benefits to ratepayers. However, as OMAEG’s initial comments explained, the cost of transmission projects to Ohio’s ratepayers far exceeds that of the cost of regulatory oversight.<sup>27</sup> Because electric transmission service is a monopoly, there are no checks and balances of market competition or customer choice. Accordingly, regulators are needed to provide the checks to monopoly transmission service. The Report would be well served to inform General Assembly members of the total potential application fee cost. This can be estimated by the OPSB.

---

<sup>25</sup> Report at 11.

<sup>26</sup> *Id.* at 10.

<sup>27</sup> OMAEG’s Comments at 2-4.

Also, the Report should list for comparison the capital cost of the additional transmission projects that are borne by ratepayers. This data is available and can be reported by the OPSB.

**F. The Report Should Not Rely on Intervenor Comments for the Report's Findings, Especially When Such Comments Are Not Supported With Data.**

The Report summarizes intervenor comments in Appendix A. However, in the body of the Report, it relies on a utility comment to underscore a claim, rather than relying on impartial data. The Report states: “changes being made to the regulatory process would slow or impede important investments in Ohio transmission infrastructure that are needed for economic development or as discussed by Buckeye Power, to improve transmission in rural areas of the state...”<sup>28</sup>

OPSB should remove the reference to Buckeye Power’s opinion in its statements, since, as an interest group, Buckeye Power’s claim could be disputed. Additionally, the Report should support such claims with data. OPSB has provided no supporting facts that “changes” would slow transmission investment. Nor has OPSB established when or which projects “improve” transmission, how the transmission is “improved,” etc. The Report’s claims should be substantiated with facts, not opinions.

### **III. CONCLUSION**

As described in the preceding comments, supplemental transmission investment has ballooned in recent years. The PUCO’s own Federal Energy Advocate has called this level of investment, “unfettered”<sup>29</sup> and has noted that the investments are not targeted towards improving system reliability. This must change to protect the competitiveness of Ohio manufacturing. If transmission is to remain non-market-based, then the OPSB should take increased action to

---

<sup>28</sup> Report at 10 (emphasis added).

<sup>29</sup> Comments of the PUCO Ohio FEA – RM20-10-000

scrutinize the legitimacy, need, and cost/benefit ratio to Ohio customers of these supplemental transmission projects. For the foregoing reasons, OMAEG respectfully requests that the General Assembly and the OPSB take decisive action to increase OPSB's oversight to review supplemental transmission projects in order for the OPSB to scrutinize applications to reduce transmission costs to Ohio customers.

Respectfully submitted,

/s/ Kimberly W. Bojko

Kimberly W. Bojko (0069402) (Counsel of Record)

Thomas V. Donadio (0100027)

Carpenter Lipps & Leland LLP

280 North High Street, Suite 1300

Columbus, Ohio 43215

Telephone: (614) 365-4100

[Bojko@carpenterlipps.com](mailto:Bojko@carpenterlipps.com)

[Donadio@carpenterlipps.com](mailto:Donadio@carpenterlipps.com)

(willing to accept service by email)

*Counsel for the Ohio Manufacturers' Association Energy Group*

## **CERTIFICATE OF SERVICE**

The Public Utilities Commission of Ohio's e-filing system will electronically serve notice of the filing of this document on the parties referenced on the service list of the docket card who have electronically subscribed to the case. In addition, the undersigned hereby certifies that a copy of the foregoing document also is being served via electronic mail on October 8, 2021 upon the parties listed below.

/s/ Kimberly W. Bojko  
Kimberly W. Bojko

[John.jones@ohioAGO.gov](mailto:John.jones@ohioAGO.gov)  
[stnourse@aep.com](mailto:stnourse@aep.com)  
[hgarcia1@aep.com](mailto:hgarcia1@aep.com)  
[khelfrich@ohioec.org](mailto:khelfrich@ohioec.org)  
[lkaleps@ohioec.org](mailto:lkaleps@ohioec.org)  
[dflahive@porterwright.com](mailto:dflahive@porterwright.com)  
[edean@firstenergycorp.com](mailto:edean@firstenergycorp.com)  
[arericha@firstenergycorp.com](mailto:arericha@firstenergycorp.com)  
[rocco.dascenzo@duke-energy.com](mailto:rocco.dascenzo@duke-energy.com)  
[jeanne.kingery@duke-energy.com](mailto:jeanne.kingery@duke-energy.com)  
[larisa.vaysman@duke-energy.com](mailto:larisa.vaysman@duke-energy.com)  
[randall.griffin@aes.com](mailto:randall.griffin@aes.com)

[mpritchard@mcneeslaw.com](mailto:mpritchard@mcneeslaw.com)  
[bmckenney@mcneeslaw.com](mailto:bmckenney@mcneeslaw.com)  
[rglover@mcneeslaw.com](mailto:rglover@mcneeslaw.com)  
[lmcalister@amppartners.org](mailto:lmcalister@amppartners.org)  
[mkurtz@bkllawfirm.com](mailto:mkurtz@bkllawfirm.com)  
[kboehm@bkllawfirm.com](mailto:kboehm@bkllawfirm.com)  
[jkylercohn@bkllawfirm.com](mailto:jkylercohn@bkllawfirm.com)  
[joseph.bowring@monitoringanalytics.com](mailto:joseph.bowring@monitoringanalytics.com)  
[angela.obrien@occ.ohio.gov](mailto:angela.obrien@occ.ohio.gov)

Attorney Examiner:  
[Nicholas.Walstra@puco.ohio.gov](mailto:Nicholas.Walstra@puco.ohio.gov)

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**10/8/2021 5:21:04 PM**

**in**

**Case No(s). 21-0796-EL-UNC**

Summary: Comments electronically filed by Mrs. Kimberly W. Bojko on behalf of OMA Energy Group