

**BEFORE  
THE OHIO POWER SITING BOARD**

In the Matter of the Ohio Power Siting )  
Board's Review of Ohio Adm.Code Chapters ) Case No. 21-902-GE-BRO  
4906-1, 4906-2, 4906-3, 4906-4, 4906-5, )  
4906-6, and 4906-7. )

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

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**I. INTRODUCTION**

Pursuant to R.C. 111.15(B) and 106.03(A), the Ohio Power Siting Board (Board) is required to conduct a review of the Ohio Administrative Code every five years. Ohio Adm.Code Chapters 4906-1 through 4906-7 contain rules that specify the requirements for applications to site and construct new, improved, and adjusted electric power transmission lines and substations, including the form and content of the applications. On June 16, 2022, the Board invited interested persons or entities to file comments on proposed amendments to Ohio Adm.Code Chapters 4906-1 through 4906-7.<sup>1</sup>

Pursuant to this directive, the Ohio Manufacturers' Association Energy Group (OMAEG) submitted initial comments<sup>2</sup> and reply comments,<sup>3</sup> recommending modifications to the Ohio Administrative Code that will ensure that customer-funded investments of the transmission system

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<sup>1</sup> See Entry (June 16, 2022).

<sup>2</sup> Petition to Intervene, Memorandum in Support, and Comments of The Ohio Manufacturers' Association Energy Group (Aug. 5, 2022) (OMAEG Comments).

<sup>3</sup> Reply Comments of The Ohio Manufacturers' Association Energy Group (Sept. 2, 2022) (OMAEG Reply Comments).

are cost-effective, transparent, and sensible, and that any proposed investments will produce reliability benefits to customers and the transmission system in Ohio. Additionally, OMAEG proposed amendments to the proposed rules issued in Chapters 4906-1 through 4906-7 to help promote these goals, and to help prevent transmission system failures and deficiencies.<sup>4</sup>

Following the review of comments, reply comments, and workshops, the Board issued a supplemental request for comments, due January 30, 2023, and reply comments due February 6, 2023.<sup>5</sup> Accordingly, OMAEG submitted supplemental comments on January 30, 2023 to promote cost-effective, transparent, and sensible investments in the transmission system that are paid for by customers,<sup>6</sup> and hereby submits supplemental reply comments. OMAEG's proposed modifications are much needed given that, despite significant customer-funded investments,<sup>7</sup> Ohio customers have recently suffered from failures and deficiencies in the transmission system in Ohio. In order to alleviate these issues, the Board should carefully monitor spending on utility-owned, ratepayer-funded projects, but treat customer-owned, customer-funded projects with a light regulatory touch to prevent increased costs.

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<sup>4</sup> OMAEG Comments, Attachment A.

<sup>5</sup> See Entry (Jan. 19, 2023).

<sup>6</sup> Supplemental Comments of the Ohio Manufacturers' Association Energy Group (Jan. 30, 2023) (OMAEG Supplemental Comments).

<sup>7</sup> System spending through an accelerated review process that does not require documented reliability benefits to Ohio customers. \$1.1 billion of this transmission spending was not part of PJM's Regional Transmission Expansion Planning (RTEP), and thus also was not required to demonstrate reliability benefits to PJM or the Federal Energy Regulatory Commission (FERC).").

## II. COMMENTS

### A. **The Board should play a greater role in determining the necessity and financial prudence of transmission investments.**

The Board has a direct responsibility under R.C. 4906.10 to “serve the interests of electric system *economy and reliability*.”<sup>8</sup> This responsibility includes protecting Ohio customers and manufacturers from imprudent investment in transmission facilities and unchecked spending on unnecessary upgrades. Ohio manufacturers are currently forced to pay for unchecked, ‘supplemental’ transmission investment, with little to no benefits to system reliability. The Board currently does not review these ‘supplemental’ projects for compliance with system reliability, operational performance, or market efficiency criteria. At the same time, these projects are not subject to PJM’s approval. PJM has stated that its responsibility for supplemental projects is limited to “do-no-harm” analyses.<sup>9</sup>

The Public Utilities Commission of Ohio (Commission) has recognized these concerns regarding the costs and benefits of supplemental transmission projects. In a Federal Energy Regulatory Commission (FERC) proceeding, the Commission’s Federal Energy Advocate called investment in supplemental transmission projects “unfettered,”<sup>10</sup> explaining that:

In 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. This 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>11</sup>

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<sup>8</sup> R.C. 4906.10(A)(4) (emphasis added).

<sup>9</sup> 2021 Regional Transmission Expansion Plan, PJM at 60, available at <https://www.pjm.com/-/media/library/reports-notices/2021-rtep/2021-rtep-report.ashx> (March 7, 2022).

<sup>10</sup> *Electric Transmission Incentives Policy Under Section 219 of the Federal Power Act*, FERC Docket No. RM20-10-000, Comments of the Pub. Util. Comm’n of Ohio’s Office of the Federal Energy Advocate at 3 (June 25, 2021).

<sup>11</sup> *Id.* at 6.

In a separate FERC proceeding, the Commission’s Federal Energy Advocate argued that increased regulatory oversight for supplemental projects would be the single most important reform to foster cost-effectiveness in transmission planning.<sup>12</sup> The Board’s accelerated review process, which handled twenty-two supplemental transmission proposals in 2021,<sup>13</sup> could be used to extend needed regulatory oversight to projects pushed to the margin of PJM’s RTEP. The burden of proof should be on transmission owners to show that investments in the transmission system benefit Ohio ratepayers and manufacturers.

Some Ohio utilities incorrectly argue that limiting Board oversight will benefit customers by lowering costs.<sup>14</sup> According to these utilities, by lowering the regulatory hurdle for approving transmission projects lowers costs associated with approval. This argument simply ignores the staggering, unfettered costs of upgrading existing transmission lines and new investment without any regulatory oversight, which are far greater than any approval costs that may be passed on to customers.<sup>15</sup> While it may be cheaper for a utility to build projects without regulatory oversight, it is more cost-effective for consumers to ensure that utilities are not making unnecessary and

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<sup>12</sup> *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, FERC Docket No. RM21-17-000, Comments of the Pub. Util. Comm’n of Ohio’s Office of the Federal Energy Advocate at 10-11 (Oct. 12, 2021).

<sup>13</sup> This data was gathered by Runnerstone, LLC in a review of Letters of Notification recorded in the Board’s Docketing Information System. See cases with Industry Code “EL” (electric), Purpose Code “BLN” (letter of notification), and Status “OPEN.”

<sup>14</sup> See, e.g., Supplemental Initial Comments of Columbia Gas of Ohio, Inc. at 2 (Jan. 30, 2023) (“This needed change to the Rules significantly reduces the cost to prepare standard applications, which in the case of utility applicants like Columbia, is ultimately paid for by ratepayers”); Initial Comments of Ohio Power Company and AEP Ohio Transmission Company, Inc. at 2, 5 (Jan. 30, 2023) (“Additionally, public utilities constructing facilities stepping down voltage to be able to serve customers in the distribution grid will also be able to do so without the delays and additional regulatory burden that would have resulted had the initial proposal been adopted”).

<sup>15</sup> *Electric Transmission Incentives Policy Under Section 219 of the Federal Power Act*, FERC Docket No. RM20-10-000, Comments of the Pub. Util. Comm’n of Ohio at 3, 6 (June 25, 2021); *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*, FERC Docket No. RM21-17-000, Comments of the Pub. Util. Comm’n of Ohio at 10-11 (Oct. 12, 2021).

imprudent investments or engaging in gold plating projects. For these reasons, increased oversight of utility-funded transmission projects will lower, rather than increase, costs to consumers.

The current landscape of unregulated and unfettered investment is actively disadvantageous to Ohio manufacturing. To this end, the Board should be strengthening oversight of transmission owners' investments to ensure these projects are financially prudent and in the best interest of Ohio.

### **III. CONCLUSION**

As OMAEG highlighted in their initial, reply, and supplemental comments, increased Board oversight of utility-owned transmission projects is necessary to safeguard customers from unrestrained utility spending that is ultimately passed through to customers. Ohio's customers, including manufacturers, deserve more protection from unchecked utility spending, not less. Adopting recommendations regarding the provision of additional data as delineated in the initial comments of the OMAEG would provide the Board with the data and tools to ensure that the billions of customer dollars spent on transmission projects have documented reliability improvements, including the proposals that are submitted pursuant to the accelerated application process.

For these reasons, OMAEG requests that the Board adopt amendments to Ohio Adm.Code Chapters 4906-1 through 4906-7 as proposed in OMAEG's initial comments, reply comments, supplemental comments, and herein.<sup>16</sup>

Respectfully submitted,

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<sup>16</sup> See generally OMAEG Comments, OMAEG Reply Comments, OMAEG Supplemental Comments

## CERTIFICATE OF SERVICE

The Ohio Power Siting Board'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 February 6, 2023 upon the parties listed below.

/s/ Kimberly W. Bojko  
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Summary: Reply Supplemental Reply Comments Of The Ohio Manufacturers'  
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