

STATE OF IOWA
DEPARTMENT OF COMMERCE
BEFORE THE IOWA UTILITIES BOARD

IN RE:) DOCKET NO. INU-2021-0001
)
INVESTIGATION INTO A)
COMPREHENSIVE PLAN FOR)
IOWA’S TRANSMISSION GRID)
OF THE FUTURE)

**MIDAMERICAN ENERGY COMPANY’S
REPLY TO POST WORKSHOP COMMENTS**

MidAmerican Energy Company (“MidAmerican”), by and through its representative, appears and submits the following reply comments in response to the Post Workshop Comments submitted by the Office of Consumer Advocate (“OCA”), and the Environmental Law & Policy Center (“ELPC”) and Iowa Environmental Council (“IEC”) (collectively, “Environmental Organizations”) on September 10, 2021 in the captioned proceeding.

1. MidAmerican offers these comments to provide clarity on some of the major themes and concerns outlined in the OCA’s Post Workshop Comments, and to support the Iowa Utilities Board’s (“Board”) desire to gather information on the topics outlined in the Order Initiating Investigation, Requesting Comments, and Setting Date for Workshop issued by the Board on July 2, 2021 in this proceeding (“Order”) and Order Setting Workshop Agenda issued by the Board on August 25, 2021 (“Agenda”).

2. An important topic during the workshop was how to collaborate effectively in the Midcontinent Independent System Operator, Inc. (“MISO”) stakeholder processes. MidAmerican believes the Board, the OCA, and other stakeholders remain essential partners to the success of the MISO planning processes and the MISO Transmission Expansion Plan (“MTEP”). However,

MidAmerican recognizes that the Board and the OCA face informational and resource barriers that may make participation in those venues and understanding of the current or future plans and processes more difficult, and also recognizes that MidAmerican's comments about participation in the MISO process may have left the impression that it was leaving the Board and the OCA to their own devices to work with MISO. That was never MidAmerican's intent, and MidAmerican apologizes for not being clearer on that point.

To be clearer, MidAmerican is committed to being a good faith *partner* to the Board and the OCA in the MISO processes. As discussed at the workshop, MidAmerican is in a unique position to coordinate and collaborate with the Board and the OCA to facilitate that. Providing transmission-related information that MidAmerican already regularly provides to MISO, without requiring the Board or the OCA to go through MISO to obtain it¹, will more efficiently facilitate collaboration, coordination, and meaningful participation in the regional transmission planning processes.² In addition, meeting regularly and as needed with the Board and the OCA to discuss various matters, including any information provided, will further enable effective participation by each entity in MISO stakeholder processes. Although a statewide transmission planning process is overly burdensome and unnecessarily duplicative, ample opportunities exist within the current framework for MidAmerican, MISO, the Board, and the OCA to partner effectively and meaningfully, and MidAmerican is committed to doing that.

¹ MidAmerican understands that MISO is also actively working with the OCA to resolve certain items explained in the OCA's Post Workshop Comments.

² MidAmerican is willing to provide such information to the extent the information is not subject to or in violation of confidentiality or critical energy infrastructure information restrictions. MidAmerican will engage with MISO, the Board, and the OCA as requested and as needed to help resolve obstacles to Board and OCA access to confidential information within their roles in the MISO planning process. Additionally, MidAmerican is not proposing to inundate the Board or the OCA with all of the ongoing, and often daily, routine information exchanged with data, but believes prudently selected information would be useful and meaningful.

3. To that end, the Environmental Organizations mischaracterized MidAmerican's comments at the workshop by stating, "MidAmerican claimed that it did not have a long-term planning process," and "refused to commit to sharing any of its generation planning with the Board as part of this docket or any other proceeding."³ The Environmental Organizations recognize that "Iowa does not have a statutory requirement for . . . integrated resource planning for electric generation," but seemingly expect that MidAmerican and other Iowa utilities maintain the same type of plans required by other states' statutory constructs, rather than Iowa's.⁴ Accordingly, MidAmerican's response to the Board Chair's request stated that no current statutory or regulatory requirements exist for the provision of the requested information without additional context, but explained that the applicable current legal framework contemplates that utilities will provide such information and make such decisions within the context of various other, existing regulatory processes.⁵

As explained in the Joint Comments, no changes are necessary to the existing framework as it has provided numerous and significant benefits to the state of Iowa. The Board explained the purpose of this docket as gathering information to understand what constitutes an overall plan for transmitting electricity in the public interest. MidAmerican is committed to assisting the Board and the OCA in achieving that purpose and continuing to provide cost-effective, safe, and reliable service within the existing statutory and regulatory frameworks.

³ Environmental Organizations Post Workshop Comments at p. 1.

⁴ *Id.* at 2.

⁵ *See, e.g.*, Reply Testimony of Michael C. Fehr, *In Re: MidAmerican Energy Company*, Docket No. EPB-2020-0156 (Jan. 7, 2021) at 4 (explaining that "Iowa has intentionally chosen not to require an IRP process for the selection of generation resources. Instead, Iowa has chosen to: (i) conduct its energy efficiency/demand-side management efforts in a sphere separate from its supply-side resource selection process; (ii) eliminate the 'least cost' planning requirement in its law governing the siting of new supply-side resources; and (iii) adopt 'reasonable' as the standard by which to measure a utility's selection of supply side resources in the ratemaking principles context.").

4. Another concern highlighted by the OCA is cost. The OCA asserted that “[u]nless the Board requires a showing of prudent cost management as a part of a transmission franchise, there is no ability to ensure prudent cost management for new transmission development in Iowa.”⁶ While MidAmerican understands the OCA’s concern, several things mitigate against it. First, MISO is required by its tariff to only approve transmission projects that are needed to solve “Transmission Issues,” as defined in the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”).⁷ Therefore, a fundamental basis of need exists for every project approved by the MISO Board of Directors for inclusion in the MTEP. Second, MISO maintains a process for reporting the status and costs of transmission projects that requires transmission owners to explain significant cost increases as projects are implemented.⁸ Third, the vast majority of MidAmerican’s transmission projects are or will be included in MidAmerican’s retail rates at some point and will be subject to prudence reviews as to need and cost upon such inclusion. Finally, in MidAmerican’s case, most costs for building transmission projects go through a competitive bidding process for items such as materials, equipment, construction services, and engineering services. The primary exception is that internal labor for engineering, project management, and

⁶ OCA Post Workshop Comments, p. 8.

⁷ A Transmission Issue is “[a] reason to improve, expand or modify the Transmission System. These reasons may be compliance-based, economic-based, or reflect other local needs. Compliance-based reasons reflect the need to comply with all requirements imposed on the Transmission System performance by entities with jurisdiction or authority over all or part of the Transmission System including, but not necessarily limited to, i) compliance with Applicable Reliability Standards including [North American Electric Reliability Corporation] standards and applicable Regional Entity standards, ii) compliance with local reliability standards and requirements when applicable iii) compliance with Transmission Owner standards if applicable, iv) compliance with applicable state and federal laws, v) compliance with duly enacted laws and regulations passed by a local governmental entity, and vi) compliance with applicable regulatory mandates and obligations, including regulatory obligations related to serving load, interconnecting generation and providing transmission service. Economic-based reasons reflect the opportunity or obligation to provide added economic value to Transmission Customers through specific expansions of the Transmission System, where added economic value is the difference between the financially quantifiable benefits associated with specific expansions to the Transmission System and the financially quantifiable costs of those expansions. Economic value may be incremental to the value achieved from meeting a compliance requirement, or may stand on its own.” MISO Tariff, Module A, Definitions – T.

⁸ MISO posts certain Status Reports and Dashboards on its website, which may be accessed at the following link: <https://www.misoenergy.org/planning/planning/mtep-quarterly-status-reports/#t=10&p=0&s=&sd=>

commissioning does not go through a competitive bidding process. Therefore, prudent cost management is routinely achieved through the processes noted above.

5. Finally, and of concern to MidAmerican, the OCA stated that “[w]hile OCA acknowledges the benefits that renewable energy delivers to Iowans, OCA is concerned that the proposed scale of renewable energy expansion represented in the [Long-Range Transmission Plan] Futures could invite system reliability issues and could produce sub-optimal resource planning decisions and result in excessive utility rates. The Board is appropriately seeking to gather information about the LRTP planning assumptions and technology alternatives to help control the scale and cost of new regional transmission plans.”⁹

It is important to understand that MISO’s LRTP Futures reflect the resource transition that is already underway, so that the impacts to the transmission system can be understood. The LRTP does not directly “produce resource planning decisions.” At most, the LRTP projects may influence, to some degree, certain generation resource siting decisions, but the LRTP is not intended to result in a generation resource plan for any entity. Further, even if no new resources are installed in Iowa, the resource transition outside of Iowa will impact the delivery of energy from resources in Iowa to loads within the state. Additionally, the Board explained in its statement at the beginning of the Workshop that the proceeding was not intended to limit or delay development of transmission or transmission approval nor was it an attempt to stop the development of renewable energy projects. Accordingly, information gathering should be for the purpose of actively participating in and understanding the existing regional transmission planning processes, and not “control[ling] . . . new regional transmission plans.” As stated above, MidAmerican believes good-faith, effective information sharing and collaboration can give the

⁹ OCA Post Workshop Comments, p. 9.

Board and the OCA valuable and necessary insight that will facilitate meaningful participation in existing local and regional processes; however, the information sharing process should not be conducted to unduly constrain the transmission and renewable project development needed to continue safe, reliable, and cost-effective service.

6. In conclusion, MidAmerican supports and encourages the Board and the OCA in their information gathering to facilitate robust participation in the existing MISO transmission planning processes, including MidAmerican's local transmission planning process through Attachment FF of the MISO Tariff, and appreciates the opportunity to clarify existing processes while looking for ways to enhance and enable active participation in them.

Dated this 4th day of October, 2021.

Respectfully submitted,

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