STATE OF IOWA
IOWA UTILITIES BOARD

IN RE:
HOUSE FILE 617 REVIEW OF SPECIFIED PROVISIONS AND UTILITY RATEMAKING PROCEDURES

DOCKET NO. NOI-2023-0001

COMMENTS OF ITC MIDWEST LLC

ITC Midwest LLC appreciates the opportunity to participate in the NOI and supports the state legislature and the Iowa Utilities Board taking time to look into rate-making and the impact on Iowans. As an independent, transmission-only company, ITC Midwest has a unique, neutral view of the electric grid and its current and future needs. ITC Midwest has extensive experience in planning, building and operating transmission while keeping safety, reliability, and grid stability the highest priorities. ITC Midwest participated in the statewide investigation opened in 2021 regarding the future of transmission planning in Iowa (INU-2021-0001). In that policy discussion, ITC Midwest extensively discussed what goes into planning transmission projects. That docket included various comments from stakeholders and was closed earlier this year.

While this docket is focused on ratemaking for rate-regulated utilities in Iowa, several questions were posed and comments were made about transmission and transmission oversight during the recent Policy Charrette #1 held on August 30-31, 2023, that ITC Midwest is in a unique position to provide further comments for the record.

ITC Midwest understands and believes that stakeholders should have confidence in the transmission buildout that is required to ensure the grid remains reliable and resilient. ITC Midwest is supportive of efforts to strengthen and enhance stakeholder participation in the
existing and robust RTO planning processes but would caution against efforts that would
duplicate the existing framework to evaluate and plan transmission projects.

It is widely understood that extensive work is needed to prepare for the energy transition
and to maintain reliable energy. That is why the Midcontinent Independent System Operator, Inc. (“MISO”) has been involved in an extensive multi-year Long Term Transmission Plan (“LRTP”) in addition to its regular planning efforts. The addition of a state-level process to review the need for transmission projects would add time, cost and delay while being unlikely to yield the results some stakeholders have expressed that they long for. There is current oversight and existing mechanisms that are thoughtful, prudent, and necessary, and are most effective in accomplishing the oversight being discussed by several stakeholders. Participation in existing RTO planning platforms is the best way to maintain a transparent and thorough process. ITC Midwest encourages stakeholders with concerns to engage in the existing planning platforms versus adding a duplicative process that would add unnecessary burdens to the Iowa Utilities Board and further obligate the utilities to a parallel, potentially conflicting process.

I. Description of ITC Midwest

ITC Midwest is an independent electric transmission company with over 6,000 miles of
transmission lines in the State of Iowa. ITC Midwest has been a transmission owner in the State of Iowa since 2007, when it acquired the transmission assets of Interstate Power and Light Company (“IPL”). Since its inception, ITC Midwest has worked to construct and continues to develop and construct a robust and resilient transmission system that will enable Iowa to meet the challenges associated with the rapidly increasing percentage of renewable and intermittent resources that comprise the overall electric generation mix. The reliability of the ITC Midwest transmission grid has improved by approximately 70% since 2007. This was a fundamental basis
for the acquisition of the IPL transmission system. Both industrial and large energy users did not have consistent, reliable energy. In addition, ITC Midwest has participated in hundreds of franchise proceedings before the Board. ITC Midwest is proud of the work that it has done to ensure the reliable delivery of energy in the State of Iowa. ITC Midwest is also committed to working effectively with the Board, its customers, and all stakeholders.

II. Comments

ITC Midwest provides these limited comments to assist the Board in ensuring a clear and accurate record. These comments focus on three points raised during the discussion in Policy Charrette #1 related to energy markets and general Federal Energy Regulatory Commission (“FERC”) authority in transmission planning and ratemaking.

The Midcontinent Independent System Operator, Inc. (“MISO”) focuses on three critical areas as governed by its FERC-approved tariff. These tasks include managing the flow of high-voltage electricity across 15 states, facilitating one of the world’s largest energy markets and planning the transmission grid needed to meet growing and changing needs. All stakeholders have extensive opportunities to participate in various MISO forums and ITC Midwest encourages robust engagement in MISO. In addition to MISO participation, ITC Midwest discusses planning at both of its Partners in Business meetings offered in the Fall and Spring every year.

The MISO energy market brings significant benefits to Iowa by allowing access to additional and/or potentially cheaper energy sources when needed (both in-state and out-of-state) as well as providing outlets for excess power. This interconnected nature is critically important during extreme weather events to ensure safe and reliable access to energy when it is most needed. The transmission planning process, governed by the FERC approved tariff, supports the
broad needs of the region given the robust interconnected nature of the transmission grid. State Commissions, and other stakeholders, have multiple opportunities to engage in the planning process to support state objectives and how those objectives interplay with a holistic view of the region to ensure the right transmission is being built. A state-level planning process focusing only on Iowa customers and interests would not only be duplicative, but could be contrary to Iowa law, as Iowa Code s. 478.3(3) directs the Board to look beyond consumers in Iowa when considering whether a proposed project satisfies the required findings for issuance of a transmission line franchise. Thus, the MISO planning process is a robust one that properly studies local and regional needs to identify projects that will improve the reliability of the transmission system, enhance economic development, and be a benefit to the public throughout the MISO region. ITC Midwest provided an overview of the planning process and stakeholder engagement opportunities in previous comments filed with the Board in Docket No. INU-2021-0001 and supplemented with these comments.¹

Additionally, it is the burden of a franchise petitioner to show the Board that it meets the requirements of Iowa law before a franchise is issued. A state-level planning process aimed at identifying projects that are necessary to serve a public use shifts that burden improperly to the Board rather than the Board exercising its quasi-judicial authority to determine whether a particular proposed transmission line project meets the requirements of Chapter 478. This puts the Board in the position of a regional transmission planner, which it is not equipped to be. This would also beg the question of whether the Board has essentially pre-approved a project before a petition has been submitted for a franchise.

With respect to transmission rates, ITC Midwest invites robust inspection and review through the approved FERC-jurisdictional processes, including the rate protocol process and the ability to file a complaint under the Federal Power Act. ITC Midwest also fully supports automatic adjustment clauses for transmission costs at the state level to ensure efficient and timely recovery of FERC-regulated transmission costs. Unfortunately, as with many areas of critical infrastructure, investment generally has not kept pace with the changing needs of the transmission system. ITC Midwest endeavors to balance the critical need to ensure reliability of its system with managing the costs of its investments. ITC Midwest’s investments have reduced system outages by approximately 70% since ITC Midwest acquired the former IPL transmission system. Further, transmission rates are not only just a function of the investments made in the transmission system, but also the overall electric load of the distribution utilities, rural electric cooperatives and other customers served directly by the transmission system. ITC Midwest supports economic development efforts that may drive new investment and load within the state of Iowa that could help with the overall cost of electricity.

Simply put, duplicative processes would be burdensome to the Board as well as utilities. The Board should have the necessary resources to continue, and enhance its engagement, within the MISO stakeholder process. Duplicative processes will increase costs, possibly result in delays for needed infrastructure, and potentially trigger conflicts between state and federal authority. It should also be recognized that a majority of projects that ITC Midwest proposes are needed for reliability, load or system needs and are many times developed due to the needs of our customers. The goal of the overall planning process is to ensure a transmission system that delivers reliable and cost-effective service to customers. The robust MISO planning process considers local and state concerns while also providing a broader regional view. The more active
all stakeholders are in both the MISO process and opportunities for discussion provided by ITC such as our Partners in Business meeting, the better. ITC Midwest welcomes opportunities for further discussion on these or other topics.

III. Conclusion

In sum, there are robust processes for all stakeholders to be involved in both transmission planning and transmission rate making. ITC Midwest continuously evaluates the need for projects and looks for the most cost-effective transmission solutions to meet the needs of the energy transition while ensuring safety and reliability.

Respectfully submitted this 8th day of September, 2023.

By:  /s/ Leanna D. Whipple

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 8th day of September, 2023, he had the foregoing document electronically filed with the Iowa Utilities Board using the EFS system which will send notification of such filing (electronically) to the appropriate persons.

/s/ Leanna D. Whipple

Leanna D. Whipple