

RTO/TRANSMISSION

AMP continued to increase its presence and influence at the Federal Energy Regulatory Commission (FERC) and as a stakeholder within PJM Interconnection (PJM) and the MidContinent Independent System Operator (MISO), as well as other non-RTO areas.

Throughout 2017, AMP was involved in many issues before FERC, and at PJM and MISO, resulting in several achievements for AMP and our members. To highlight a few, AMP defeated transmission owners' attempts to continue a hiatus on addressing a deficient transmission planning process for transmission projects; AMP sponsored a problem statement and obtained stakeholder support to force discussions regarding modifications to the capacity construct in PJM; identified deficiencies and inaccuracies in PJM's assessment of the Ohio Valley Electric Corporation (OVEC) integration, and garnered support from other stakeholders to oppose the integration.

AMP achieved several transmission cost-controlling initiatives for its members throughout 2017. AMP was able to reach settlements with American Electric Power (AEP) and the Mid-Atlantic Interstate Transmission to ensure that the formulas for their forward-looking transmission rates were appropriate. AMP also filed a complaint against AEP asserting that AEP's return-on-equity (ROE) was too high. AMP also reached a settlement in the AEP ROE complaint, which is pending before FERC.

To better address the changes in the transmission side of the industry and deal with rising costs, AMP brought on a director of transmission planning. The addition has helped AMP improve expertise of the issues and ultimately increase our influence within the PJM and MISO regions.

Additionally, as a result of AMP's leadership, to compliment AMP's efforts, The Energy Authority also hired a transmission planner and procured transmission planning power flow models that cover both PJM and MISO.

In 2017, AMP made incredible strides spotlighting an issue that is heavily affecting the PJM region. Transmission projects are on the rise across the country and associated costs have increased dramatically in recent years. From 2011 to 2017, transmission rates rose by more than 475 percent in some areas. Recognizing this alarming increase along with trends indicating intent by investor owned utilities to shift capital to even greater investments in regulated transmission assets, AMP commissioned Dr. Ken Rose, a nationally recognized expert in the structure, regulation and economics of the U.S. energy markets, to study the trends.

Rose's study found that much of these cost increases are due to a rise in supplemental transmission projects, which are not required to satisfy reliability standards, operational performance or economic criteria. Supplemental projects do not receive the same rigorous review and oversight from PJM as would baseline projects (projects addressing reliability concerns), even though the project costs are passed through to consumers.

In response, AMP worked to bring this issue to the forefront by working with legislative and regulatory bodies, raising awareness with key industry leaders and educating other stakeholder organizations on the issue. AMP has also increased its efforts to bring attention to this matter through social and traditional media, and published an opinion editorial — [To avoid skyrocketing costs, FERC scrutiny of 'supplemental' projects needed](#) — with the Cleveland Plain Dealer.

AMP will continue to engage and advocate for meaningful oversight of supplemental transmission projects and continue efforts to mitigate increasing transmission costs.