

**FEDERAL ENERGY REGULATORY COMMISSION**

Office of the Chairman

April 22, 2021

The Honorable Martin Heinrich
United States Senate
Washington, D.C. 20510

Dear Sen. Heinrich:

Thank you for your August 7, 2020, letter concerning performance-based incentives to promote the deployment of grid-enhancing technologies that improve capacity and efficiency of the existing transmission grid. A copy of your letter was placed in the record. The Federal Energy Regulatory Commission's (Commission) delay in responding to your letter is unacceptable. You can rest assured that now that I am chairman the Commission will prioritize our responses to congressional inquiries.

On November 5-6, 2019, Commission staff held a Grid-Enhancing Technologies Workshop (Docket No. AD19-19) to discuss how grid-enhancing technologies are currently used in transmission planning and operations, the challenges to their deployment and implementation, and what the Commission can do regarding those challenges, including incentivizing or requiring the adoption of grid-enhancing technologies by utilities and Regional Transmission Organizations and Independent System Operators. Following the workshop, the Commission staff sought and received public comment from a broad range of entities.

On March 20, 2020, the Commission issued a proposed rule on its Electric Transmission Incentives Policy (Docket No. RM20-10) to more closely align with section 219 of the Federal Power Act. As you note, section 219(b)(3) directs the Commission to encourage deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the transmission facilities. In the March proposed rule, the Commission acknowledged that advanced transmission technologies can, as deployed in certain circumstances, enhance reliability, efficiency, capacity, and improve the operation of new or existing transmission facilities. In order to encourage the deployment of these technologies, the Commission proposed that such transmission technologies could seek a 100-basis-point adder to a developer's return on equity and regulatory asset treatment for eligible costs. The Commission also proposed a rebuttable presumption of eligibility for pilot programs of eligible transmission technologies.



As part of Docket No. RM20-10, the Commission recently announced it will convene a workshop on September 10, 2021 to further discuss certain performance-based ratemaking approaches, particularly the shared savings approach, that may foster the deployment of advanced transmission technologies.

I look forward to working with my colleagues, including on the referenced proceedings, to encourage the deployment of grid-enhancing transmission technologies that improve capacity and efficiency of the existing transmission grid.

Thank you again for your interest in these issues. If I can be of any further assistance with this or any other Commission matter, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Glick".

Richard Glick
Chairman

Document Content(s)

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