

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own)
motion, to seek comments from rate-regulated)
electric, steam, and natural gas utilities)
regarding potential utility infrastructure)
improvements in the state of Michigan from the)
federal funding available under the)
Infrastructure Investment and Jobs Act of 2021:)
ALPENA POWER COMPANY,)
CONSUMERS ENERGY COMPANY,)
DETROIT THERMAL, LLC, DTE ELECTRIC)
COMPANY, DTE GAS COMPANY,)
INDIANA MICHIGAN POWER COMPANY,)
NORTHERN STATES POWER COMPANY,)
UPPER PENINSULA POWER COMPANY,)
UPPER MICHIGAN ENERGY RESOURCES)
CORPORATION, MICHIGAN GAS)
UTILITIES CORPORATION, and SEMCO)
ENERGY GAS CORPORATION.)

Case No. U-21227

Comments of International Transmission Company d/b/a *ITCTransmission* and Michigan
Electric Transmission Company, LLC

On May 12, 2022, the Michigan Public Service Commission (“Commission”) issued an Order (“May 12 Order”) seeking comments that “demonstrate how rate-regulated utilities are, or should be, considering and taking advantage of the various grants, loan programs, funds, and assistance available” under the Infrastructure Investment and Jobs Act, P.L. 117–58, 135 Stat. 429 (“IIJA”).¹ International Transmission Company d/b/a *ITCTransmission* (“*ITCTransmission*”) and Michigan Electric Transmission Company, LLC (“*METC*”) (collectively, the “*ITC Companies*” or “*ITC*”) respectfully submit the following comments in response to the Commission’s request.

I. Introduction

The *ITC Companies* are subsidiaries of *ITC Holdings Corp.*, the largest independent electric transmission company in the United States. The *ITC Companies* are Michigan companies that provide transmission grid solutions to improve reliability and resiliency, expand access to wholesale power markets, facilitate the interconnection of new generating resources, and lower the overall cost of delivered energy. The *ITC Companies* own and operate high-voltage transmission infrastructure in Michigan. *ITCTransmission* owns, operates, and maintains roughly

¹ May 12 Order at p. 1.

3,100 circuit miles of transmission lines in southeast Michigan and serves over 5 million customers in Michigan, while METC owns, operates, and maintains approximately 5,600 circuit miles of transmission lines in the western and northern portions of Michigan’s Lower Peninsula, serving a population of approximately 4.9 million. The ITC Companies are Transmission Owner members of the Midcontinent Independent System Operator, Inc. (“MISO”). Transmission service over facilities developed and owned by the ITC Companies is provided by MISO pursuant to its Open Access Transmission, Energy and Operating Reserves Tariff. The ITC Companies do not have affiliated market participants in MISO.

The ITC Companies operate in an industry and region that is facing a paradigm shift as traditional dispatchable units are retiring in mass quantities as never seen before—and are being supplemented with non-dispatchable generation resources such as wind and solar. Further, that shift is occurring when the electric transmission system is asked to be more dynamic and face additional challenges. For example, the Michigan electric transmission system, which was designed for the delivery of energy from centralized and dispatchable generation units with power mainly flowing from static and consistently loaded resources, will now be expected to perform and provide reliable service when delivering 7 Gigawatts or more of new renewable generation, thus requiring modernization and expansion.

Unsurprisingly, this modernization and expansion of the electric grid will require significant investment to allow for low carbon generating resources to be better integrated and ensure reliability and resiliency remains uninterrupted. More specifically, transmission investment will be required to meet various clean energy goals. These goals include those announced by Michigan’s load serving entities, such as Consumers Energy and DTE Energy, which have each set out significant decarbonization goals.² Michigan Governor, Gretchen Whitmer has also issued the ambitious Michigan Healthy Climate Plan, which seeks to achieve economy-wide carbon neutrality by 2050 with interim 2030 goals.³ At the regional level, MISO is advancing through its stakeholder process a \$10.4 billion set of transmission lines that could support about 53 GW of wind, solar, hybrid and stand-alone battery projects.⁴ Various federal-level efforts are also

² “Nearly all of Michigan’s electric utilities have made individual commitments to reduce carbon emissions, with some utilities pursuing levels of renewable energy deployment beyond what is required under the state’s existing mandates and goals. They are also retiring their fleets of aging coal-fired plants. According to utility retirement schedules, just one coal-fired power plant is scheduled to continue operating after 2028.” *Michigan Healthy Climate Plan*, at p. 35, available at <https://www.michigan.gov/egle/about/organization/climate-and-energy/mi-healthy-climate-plan> (“*MI Healthy Climate Plan*”); see also <https://www.dtecleanenergy.com>, “DTE Electric is taking bold steps to significantly increase our investments in renewable energy and cut carbon emissions in half over the next 10 years to reach our goal of net zero carbon emissions by 2050” and <https://www.consumersenergy.com/community/sustainability/environment/air>, “In 2020, [Consumers Energy] announced a goal to achieve net zero carbon emissions by 2040.”

³ “To help ensure reliability and affordability for ratepayers while we decarbonize this sector, Michigan must continue to invest in transmission and distribution infrastructure and maintain existing clean energy and energy storage assets.” *MI Healthy Climate Plan* at p. 36. Furthermore, “[t]o reach our climate-related goals, attract clean energy jobs, and drive down costs for Michiganders, rapid and comprehensive action is needed in the electricity sector. In fact, bolder action is particularly wise here—relative to other sectors—because of the cost-effective and scalable nature of decarbonizing the electricity sector.” *Id.* at p. 33.

⁴ See MISO, *LRTP Tranche 1 Portfolio Detailed Business Case*, March 29, 2022, at Slide 2, available at <https://cdn.misoenergy.org/20220329%20LRTP%20Workshop%20Item%20002%20Detailed%20Business%20Case623671.pdf>; see also Utility Dive, *MISO find broad benefits to building \$10.4B of transmission projects to support 53*

underway, such as the U.S. Department of Energy’s (“DOE”) “Building a Better Grid” initiative, which is intended to work with community and industry stakeholders to identify national transmission needs and support the buildout of long-distance, high voltage transmission facilities that are critical to reaching President Biden’s goal of 100% clean electricity by 2035 and a zero emissions economy by 2050.⁵

With the rapidly evolving industry described above as a backdrop, on November 15, 2021, President Biden signed into law the bipartisan IIJA. The Biden Administration has described this expansive law as “a once-in-a-generation investment in our nation’s infrastructure and competitiveness” that seeks to, among other things: (1) upgrade power infrastructure to deliver clean, reliable energy across the country and deploy cutting-edge energy technology to achieve a zero-emissions future; (2) build a national network of EV chargers; and (3) make U.S. infrastructure resilient against the impacts of climate change, cyber-attacks, and extreme weather events.⁶ The ITC Companies are carefully evaluating the IIJA and its implementation. Consistent with the Commission’s May 12 Order, we have identified a number of potentially valuable programs below which ITC is continuing to evaluate potentially participating in in some capacity.

II. IIJA Programs of Likely Interest to ITC

The May 12 Order requests feedback regarding federal programs, private-public partnerships, grants, loans, contract opportunities, and funding available to public utilities pursuant to the IIJA, as well as an explanation of the actions or processes public utilities must complete to access those opportunities. As the Commission highlights, “there are numerous opportunities available under the new legislation for Michigan energy providers to take advantage of in their efforts to improve utility infrastructure that will in turn benefit ratepayers and the public interest as a whole.”⁷

ITC has reviewed the IIJA and many of the programs thereunder. Subject to further analysis and the details of their implementation, several programs warrant further consideration. As requested in the May 12 Order, this listing also includes preliminary identification of entities or federal or state agencies with which coordination may be necessary to access the funding and assistance opportunities available in the IIJA.

- **Grid Resilience and Increasing Capacity Grants** – The IIJA establishes various new funding streams intended to support grid investments that improve resilience. The majority of this

GW of clean energy, Apr. 7, 2022, available at <https://www.utilitydive.com/news/miso-benefits-transmission-projects-renewable/621729/>.

⁵ *Building a Better Grid Initiative To Upgrade and Expand the Nation's Electric Transmission Grid To Support Resilience, Reliability, and Decarbonization*, 87 Fed. Reg. 2769, Jan. 19, 2022, available at <https://www.federalregister.gov/documents/2022/01/19/2022-00883/building-a-better-grid-initiative-to-upgrade-and-expand-the-nations-electric-transmission-grid-to>; see also *DOE Launches New Initiative From President Biden’s Bipartisan Infrastructure Law to Modernize National Grid*, Jan. 12, 2022, available at <https://www.energy.gov/articles/doe-launches-new-initiative-president-bidens-bipartisan-infrastructure-law-modernize>

⁶ See *Fact Sheet: The Bipartisan Infrastructure Deal*, Nov. 6, 2021, available at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/06/fact-sheet-the-bipartisan-infrastructure-deal/>.

⁷ May 12 Order at p. 2.

funding will be allocated to states, local governments, and tribes, who will then need to determine how to allocate those funds. The stated goals of these funding programs are well aligned with ITC's own view that the grid requires significant investment to improve resilience. As such, ITC intends to evaluate potential project opportunities which could be enabled by such funding. Relevant programs include, more specifically:

- Preventing outages caused by natural disasters and extreme weather (IIJA, § 40101) – this \$5 billion program is divided into two parts, with \$2.5 billion for matching grants for industry and \$2.5 billion in formula grants for states and tribes. The DOE has issued a Request for Information regarding the state funding portion of this program, with comments due by June 2, 2022.⁸ DOE Guidance for industry grants has not yet been released. As outlined in the Biden Administration's *IIJA Guidebook*, eligible uses of this funding including carrying out activities that are supplemental to existing hardening efforts and reduce the risk of power lines causing a wildfire, or that reduce the likelihood and consequences of disruptive events.⁹
- Upgrading the grid and improving access for rural and remote areas (IIJA, § 40103) – DOE will provide \$5 billion in competitive financial assistance to states, local governments, and tribes to coordinate and collaborate with electric sector owners and operators: (1) to demonstrate innovative approaches to transmission, storage, and distribution infrastructure to harden and enhance resilience and reliability; and (2) to demonstrate new approaches to enhance regional grid resilience, implemented through states by public and rural electric cooperative entities on a cost-shared basis.¹⁰ Detailed DOE guidance on this program has not yet been released.
- **Electric Vehicle Charging Infrastructure Funding** – The IIJA includes funding to support electric vehicle infrastructure through, among other avenues, the National Electric Vehicle Charging Formula Program (\$5 billion via IIJA, Division J, Title VIII) and Charging and Fueling Infrastructure Grant Programs (\$2.5 billion, via IIJA §§ 11101 and 11401).¹¹ The goal of these programs is to “build out the first-ever national network of electric vehicle charging stations across the country.”¹² As detailed in the IIJA and the *IIJA Guidebook*, the Formula

⁸ *Notice of Request for Information on Formula Grants to States and Indian Tribes for Preventing Outages and Enhancing the Resilience of the Electric Grid*, 87 Fed. Reg. 26,191, May 5, 2022, available at <https://www.federalregister.gov/documents/2022/05/03/2022-09445/notice-of-request-for-information-on-formula-grants-to-states-and-indian-tribes-for-preventing>.

⁹ *Building a Better America: A Guidebook to the Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, and other Parties*, at p. 159, available at <https://www.whitehouse.gov/wp-content/uploads/2022/05/BUILDING-A-BETTER-AMERICA-V2.pdf> (“*IIJA Guidebook*”).

¹⁰ *Id.* at p. 158.

¹¹ On February 10, 2022, the White House and the Department of Transportation (“DOT”) announced a framework for the Formula Program funds. *Information: The National Electric Vehicle Infrastructure (NEVI) Formula Program Guidance*, available at https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf. To receive funding, states are directed to submit their charging infrastructure plans to DOE and DOT no later than August 1, 2022. *Id.* Under the Formula Program, Michigan would expect to receive about \$110 million over five years to support the expansion of an EV charging network in the state as well as the opportunity to apply for funding under the Grant Programs.

¹² *Statement by President Joe Biden on the House Passage of the Bipartisan Infrastructure Investment and Jobs Act*, issued Nov. 6, 2021, available at <https://www.whitehouse.gov/briefing->

Program targets EV charging along corridors and Interstates, while the Grant Programs will invest in charging and fueling infrastructure both along corridors and in communities to support innovative approaches that ensure charger deployment reaches rural, disadvantaged, and other hard-to-reach communities.¹³ At a high level, these programs align closely with ITC's own ongoing efforts to partner with others in Michigan to promote EV adoption and position the state as a leader in EV adoption and infrastructure. ITC is working with other in-state entities to evaluate potential EV charging sites, which could benefit from IIJA funding. ITC believes that coordination between utilities and transmission companies is crucial in this regard and would support further exploration of opportunities for the Commission to support efforts to form partnerships to interconnect EV charging stations.

III. Conclusion

In order to meet the ambitious goals set out by Michigan's utilities, Michigan's state leaders, regional entities, and the federal government, rapid modernization, investment, and expansion of the electric grid will be necessary. Given ITC's unique focus on high-voltage electric transmission infrastructure, particularly in Michigan and in surrounding states, we are uniquely situated to play a key role in this process. As a result, ITC supports the Commission's efforts to evaluate potential opportunities for taking advantage of the various grants, loan programs, funds, and assistance available under the IIJA.

Respectfully submitted,

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¹³ *IIJA Guidebook* at p. 136.