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**Subject:** MEA's Comments to RCA Order No. R-20-002(3)  
**Date:** Friday, October 16, 2020 3:23:47 PM  
**Attachments:** [MEA Comments to RCA Order No. 3 R-20-002 - 10.16.20.pdf](#)

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Good Afternoon,

Attached, please find Matanuska Electric Association, Inc.'s comments on RCA Order No. R-20-002(3). Please let me know if you have any questions.

Thank you,

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October 16, 2020

Regulatory Commission of Alaska  
701 W. 8<sup>th</sup> Avenue, Suite 300  
Anchorage, AK 99501

**RE: Docket R-20-002(3) *Comments of Matanuska Electric Association, Inc. Regarding the October 21-22, 2020 Technical Conference Agenda and Talking Points in the Matter of the Consideration of Regulations Implementing Legislation Governing Electric Reliability Organizations' Integrated Resource Planning and Preapproval Requirements for Large Energy Facilities***

Commissioners:

Matanuska Electric Association, Inc. ("MEA") respectfully submits these comments so they might be considered ahead of the Technical Conference scheduled for October 21-22, 2020, in Docket No. R-20-002. MEA's comments herein, as well as its previous comments in the subject Docket, reflect its view of how the Commission, the regulated utilities and interested parties might guide the Electric Reliability Organization ("ERO") in its creation of reasonable, reliable requirements for the Integrated Resource Planning ("IRP") and Large Project Preapproval processes. MEA's comments are informed by our perspective as an organization who is obligated to uphold well-defined responsibilities to serve as the area's CPCN holder as well as stewards of significant generation and transmission assets owned by our over 53,000 members. It is also based on our extensive participation over the past several years in the adoption of the ERO legislation and subsequent regulatory proceeding, as well as the advancement of the Railbelt Reliability Council ("RRC") and its view of what would be the best fit for the Railbelt and Alaska. In discussing the IRP and large project pre-approval processes, MEA believes that it is important to keep in mind the larger responsibilities of the ERO. The ERO will be responsible for reliability standards and each utility will develop specific criteria to meet those standards. MEA envisions that each utility should and will conduct bottom-up planning that provides for a transmission and generation system that adequately meets load requirements and complies with the ERO promulgated reliability standards. From a top-down perspective, the IRP will take those plans as input and optimize system investments in a least-cost fashion. Different from traditional Balancing Authority IRP's in the Lower 48, the regional ERO IRP will include not only transmission solutions but also generation and conservation. The IRP will detail an optimized plan which meets reliability standards as well as the short and long-term needs of each utility's customers and the communities they serve.

In addition to the broader ERO context, discussions in the first docket, R-20-001, related to governance and transparency are relevant to the IRP as well. As discussed in MEA's earlier comments, MEA supports the IRP being developed through an ERO committee process with open, public meetings and ultimate board approval with RCA representation. The IRP development process will have a clear schedule, milestones, and multiple opportunities to solicit feedback. MEA's comments on the IRP and subsequent large project preapproval are also predicated on the assumption that the ERO governance and associated voting structures do not allow for scenarios where items can be approved with no or limited affirmative votes from utility members. Since each utility is responsible to uphold the requirements of its particular CPCN and solely accountable to its members along with the RCA, and the ERO for meeting reliability standards, MEA believes any regulations must not impede a utility or group of utilities from responsibly meeting those obligations.

Additionally, MEA believes that, even though there is rightly a focus on the RRC and the Railbelt at this time, the regulations developed must continue to be considered as suitable for the entire state of Alaska and potential future EROs, regardless of size or circumstance. Rather than specify in regulations an IRP in great detail that is only relevant to this specific time and region, the regulations should allow an ERO a reasonable degree of discretion with ultimate RCA approval. As the Railbelt, other systems within Alaska, and the power industry continue to evolve and change, this discretion will be necessary to developing meaningful and reasonable plans. MEA continues to look forward to working with the Commission to develop an ERO that will serve as a model for Alaska and that will bring real benefits to the Railbelt electric system.

MEA would like to emphasize the following key points:

1. Any regulations promulgated must be consistent with statutory language, not overly prescriptive, and need to work for all future EROs by providing planners a reasonable degree of discretion and flexibility to address evolving circumstances.
2. A robust stakeholder process, including development of an ERO committee structure with open, public meetings, established milestones and multiple opportunities for stakeholder input, and requiring board approval (which board will include RCA representation), will make for a robust and smooth IRP process thereby obviating the need for prescriptive regulations.
3. Regulations should recognize how the IRP function of the ERO is related to and interacts with other ERO functions, such as development and enforcement of reliability standards and generator interconnection procedures. MEA believes it is essential that the reliability standards be the basis of all models and associated planning along with rigorous vetting through a technical advisory committee.
4. Implementation and cost allocation issues should be reserved for the next docket so the focus of this docket can remain on plan formation.

MEA's attached comments include a summary table of MEA's recommended approach, which table includes responses to options provided by Staff based on comments the Commission received from various stakeholders. A more detailed discussion of MEA's positions on select topics is also included.

MEA provides these details as preliminary comments in the dockets, recognizing perspectives gained from technical work sessions and other stakeholder comments may result in adjustments in subsequent filings. MEA continues to look forward to working with the Commission to develop an ERO that will serve as a model for Alaska and that will bring real benefits to the Railbelt electric system.

Sincerely,



Anthony M. Izzo  
Chief Executive Officer

/Attachment

## MEA Summary Option Preference

### Integrated Resource Planning (IRP)

	Topic	MEA Preference	Discussion
1	Required Elements	Option 2	Meets the requirements of SB 123 while allowing for broad but appropriate applicability of regulations and needed discretion to ERO planners. Requires all the essential elements of Option 1 without being overly prescriptive. Provisions should be included to ensure that no stakeholder group or special interests can control the outcome.
2	DSM	Option 2	Consideration of DSM is required to be consistent with SB 123, therefore Option 1 should not be considered. Option 3 is overly prescriptive. Option 2 provides the necessary scope along with needed discretion of ERO planners and any implementation of a competitive process for resource selection.
3	Technology neutrality and Network Adequacy	Option 1	Because technology neutrality is already inherent in SB 123, a requirement to consider the full range of cost-effective means is unnecessary, and network adequacy is addressed via reliability standards, including BAL-502: Planning Resource Adequacy Analysis, Assessment, and Documentation. Option 1 reflects this, while Option 2 and 3 are redundant and overreaching.
4	State Energy Policy	Option 1	IRP will necessarily need to meet all existing and future legislative mandates making references to specific code unnecessary, therefore Option 2 should not be considered.
5	Forecast Methodology	Option 1	Forecasting methodology will be defined by reliability standards similar to MOD-031: Demand and Energy Data, therefore Option 2 should not be considered.
6	Demand Discovery	Option 1	Customer demand, new electrical demands, DSM, and DERs will be addressed in the collection of demand and energy data as addressed in the Standard on Demand and Energy Data. Standards will be modified to address technology as it evolves and becomes more certain. Option 2 is overly ambitious and academic given the timeframe of plan frequency and implementation.
7.1	Initial Filing	Option 1	As the Railbelt ERO and future EROs form, an appropriate date for the ERO's first IRP should not be preset but should be selected by the Commission given the multiple elements various EROs will be tasked with. RCA discretion is called for in this instance, therefore Options 2 and 3 should not be considered.
7.2	Filing Frequency	Option 3	A 5-year frequency is appropriate given IRP overhead and for necessary alignment with reliability standards. While MEA understands 2-3 year windows are common in the Lower 48, Alaska's limited systems and lack of competitive markets do not lend themselves to the dramatic evolution seen in other jurisdictions. Instead, MEA has suggested providing the RCA with authority to request an IRP to be completed earlier if unique circumstances dictated. Therefore, options 1 and 2 would result

			in excessive plan development costs and misalignment with standards.
7.3	Forecast Period	Option 2	10 years (Option 1) is likely too short, while 25 years (Option 3) is too long for outer years to be accurate or useful. Also, nearer-term years can be further addressed with an action plan making multiple periods (Option 5) unnecessary. 15 years strikes a reasonable balance.
8	Data Transparency	Option 1	The stakeholder process addresses transparency, which is supported by an appropriate committee approach, both of which inherently provide for data sharing and transparency making a prescriptive approach in regulations such as Option 2 unneeded. Additionally, modeling standards will require all necessary data on existing resources to be available to the ERO.
9	Notice and Process	Option 1	SB 123 sufficiently defines the process, therefore Option 2 should not be considered
10	RCA Review	Option 6	Stakeholder involvement has been a key foundation to the development of the EROs' implementation and should be reflected in the Commission's review process. MEA believes a robust stakeholder process, overseen by a balanced board, with RCA participation should validate the IRP process and the additional approval standards of Option 1 through 5 should not be considered. <b>See additional discussion below.</b>
11	Cost Recovery	N/A	MEA believes IRP development costs can be addressed via a load ratio share ERO surcharge mechanism. MEA understands that IRP project cost recovery and IRP implementation issues will be addressed in the future in the R-20-003 docket, meaning these options will be discussed later. <b>See additional discussion below.</b>
12	ERO Surcharge	N/A	
13	Prices, Incentives	Option 1	Prices and other incentives are a part of DSM / conservation measures to be evaluated and considered during the competitive process involved in resource selection following the identification of resource need. This is already addressed in related topic areas. Therefore Option 2 should not be considered.
14	Greatest Value Consistent with LSE Obligations	No preference	While the SB 123 language could benefit from additional specificity, MEA recognizes the complexity of defining greatest value such that making regulations descriptive in this area as Options 1 and 2 suggest may be appropriate. MEA will continue to review options here and provide further comments in subsequent filings.
15	Range of Cost-Effective Means	Option 1	SB 123 already provides that generation, transmission, battery storage, and conservation must be considered in IRP. In addition, Option 2 descriptions are not helpful beyond what is provided in SB 123; therefore, Option 2 should not be considered.
16	Plan Approval	Option 2	Option 2 is best aligned with standards mentioned in SB 123 and with the other Topics listed. Plan approval should be predicated on achieving requirements defined in SB 123 and inclusion of the minimum IRP elements listed in regulations. Option 1 is implementation focused, Option 3 is overly broad, and Option 4 is

			overreaching. Therefore, these Options should not be considered. <b>See additional discussion below.</b>
17	Network Limitations	Option 1 & 2	MEA believes that realities of the system will necessarily be addressed in the IRP in conformance with reliability standards. Issues related to cost allocation should not affect how the optimal plan is developed, which is the focus of this docket, and should be reserved to be addressed in the subsequent docket.

### Large Project Preapproval

	Topic	MEA Preference	Discussion
1	Non-IRP Project	N/A	A clear basis of need could arise out-of-cycle based on sudden load growth, generator interconnection requests, changes in reliability standards, or other material issues; There should be a singular process for approving such projects based on need and cost-effectiveness. <b>See additional discussion below.</b>
2	Cost-Effective Manner		
3	Project with Excess		
4	Refurbishment, Capitalized Maintenance	Option 5	To clarify, MEA's previous comments provided that these terms should be defined to not include what is listed in Option 5, meaning Option 5 needs to be reworded so that those terms exclude those work items. <b>See additional discussion below.</b>
5	Substantially Serve LSE Needs	N/A	MEA believes allocation issues should not affect the outcome of the plan and should be addressed in the subsequent docket, so neither Option is appropriate at this stage.
6	Projects Prior to IRP	Option 1	Continuation of present treatment until first IRP process is approved is appropriate. Option 2, 3, and 4 provide unique criteria for the transition phase that fall short as compared to Option 1.
7	Municipal Jurisdiction	No preference	MEA would like to gain additional perspectives from the RCA and other stakeholders as to the purpose and scope of this section before commenting.

## Expanded Discussion on Select Items

### Integrated Resource Planning

#### Question 10

What criteria for Commission review of the process used to develop the IRP at the ERO level?

- **Option 1.** Regulations are silent on the standard of review, and considerations for approval, that the Commission may or shall apply.
- **Option 2.** Regulations state that Commission will review the IRP process to ensure consistency with industry practices, the provision of SB123, and Commission regulations.
- **Option 3.** Regulations state that the Commission will review the assumptions in the analysis to ensure they are reasonable, appropriate, fair and consistent with actual future conditions expected.
- **Option 4.** Regulations state that the Commission will review the IRP to ensure it will not result in energy costs to consumers that are unreasonable or unfair and do not provide the greatest value to consumers.
- **Option 5.** Regulations state that the IRP will have a provision that any minority view on the IRP be included in the IRP submitted to the Commission.
- **Option 6.** Regulations state there will be a process to ensure the IRP process will be vetted through a robust stakeholder process.

#### MEA Response

Option 6 is our preference. As MEA discussed in its previous comments, MEA envisions a robust, transparent stakeholder process driving IRP development. The IRP will be developed at the appropriate ERO committee, including involvement from relevant expertise (including technical expertise), interested stakeholders, RAPA, and the Commission. An IRP development cycle will include reporting on key milestones (load forecast, technology assumptions, financial outputs, etc.) with feedback solicited on those items. That process will culminate at the committee level by the development of a draft IRP report with a final round of stakeholder input. A final report will then be sent to the ERO board for approval and then to the Commission. The IRP submitted to the ERO board for approval will have been fully vetted through the robust stakeholder process, and the final, ERO board-approved IRP work product submitted to the Commission will fully reflect that stakeholder input.

Given the stakeholder process MEA envisions, this is the critical *process* item for the Commission to review. Options which are not related to the process but rather the results, such as Option 4 with its focus on energy cost outputs and greatest value, are not relevant to this question. Similarly, the focus on input assumptions in Option 3 are addressed elsewhere in, for example, considerations of full range of cost-effective means (Question 15) and Load Forecast (Question 5). Option 2 includes a vague reference to industry practice and a redundant reference to Commission regulations (*i.e.*, regulations do not need to state that regulations need to be adhered to). The key process provision of SB 123, referenced in Option 2, is the stakeholder process so that is the logical focus of regulations. A robust stakeholder process will necessarily consider the minority views mentioned in Option 5, and a complete IRP report

will include a discussion of that stakeholder process. Therefore, Option 6 inherently covers Option 5 by providing more complete language.

Although this question is focused on the IRP process and not the IRP results, MEA notes that a robust stakeholder process will lead to good IRP results. Stakeholder involvement will ensure that a full range of cost-effective means are considered and that greatest value is achieved. With transparent and robust involvement, the stakeholder process will result in an IRP that can be readily approved.

### Questions 11-12

**11)** Should regulations clarify the boundaries, if any, for appropriate cost recovery of the approved IRP?

- **Option 1** (costs of IRP development). Regulations state the allocation of costs to utilities based on weighting of the relative size of customer load served by each load serving entity.
- **Option 2.** Regulations state that the costs of resources acquired match the resources approved of in the IRP.
- **Option 3.** (statutory clarification) Regulations define what expenditures would qualify as an improvement to the efficiency of a utility's provision of service and define more precisely what "portfolio development costs" are.
- **Option 4** (allocating benefits and costs of contemplated project). Regulations state that any additional costs for an IRP approved project in excess of what is required to serve the members to the benefits of others will be handled through the tariff associated with a recovery of system costs.

**12)** Should cost recovery achieved through ERO surcharge mechanisms be in addition to separate individual utility tariffs?

- **Option 1.** Regulations provide for a unified tariff-based cost allocation model, providing tariffed rates at the ERO-level, rather than the use of individual LSE tariffs.
- **Option 2.** Regulations provide that any additional costs to a utility in constructing an IRP identified capital project that is in excess of what is required to serve the utility's members and benefit other utilities or the larger system will be handled through the tariff associated with a recovery of system costs.
- **Option 3.** Regulations should address how an IRP assesses and reports which LSEs will acquire the supply and demand side resources that the IRP contemplates, and should address division of cost responsibility for those resources.

### MEA Response

MEA believes that the focus of this docket is and should be on how the IRP is developed and not how it will be implemented. The IRP should be developed to create an optimal plan for the respective region and questions of implementation and cost allocation should not inhibit the development of the optimal plan. Those issues are important, but they should appropriately be reserved for discussion in the next docket to allow for focused discussion on IRP formation issues.

Having said that, MEA sees Options 2, 3, & 4 of Question 11 and Options 1, 2, & 3 of Question 12 all deal with issues of plan implementation (*i.e.*, how the IRP is put into action) and cost allocation (*i.e.*, who

pays for what). Those considerations should be reserved for the next docket. Instead, the focus in this docket should be on IRP development costs, as in the administrative cost associated with making the IRP. Those IRP development costs can be recovered via the same ERO surcharge mechanism designed to recoup the ERO's administrative costs generally. That concept has been discussed in the first docket, and MEA has commented on it there.

### Question 16

What should the criteria for determining whether an IRP should be approved or returned for modification be?

- **Option 1.** Regulations state IRP approval be contingent upon a reasonable public and stakeholder comment process, consistency of the IRP with the criteria set for Commission review, and inclusion of an action plan with “resource acquisitions or retirements that are: 1) necessary to the interconnected electric energy transmission network with which a resource would be interconnected; 2) complies with reliability standards; and 3) would, in a cost-effective manner, meet the needs of one or more load-serving entities that is substantially served by the facility.
- **Option 2.** Regulations state the IRP will 1) include robust public participation founded on timely and transparent public communication, (2) provide the greatest value, consistent with the load-serving entities' obligations, (3) contain an evaluation of the full range of cost-effective means for load-serving entities to meet the service requirements of all customers, and (4) include all options to meet customers' collective needs in a manner that provides the greatest value, consistent with the public interest.
- **Option 3.** Regulations state that the Commission will determine if the IRP achieved the “greatest value” and will review both the primary recommendations of the IRP and any dissenting views.
- **Option 4.** Regulations will provide that, in issuing its findings of fact and conclusions, the commission shall consider the characteristics of the available resource options and of the proposed plan as a whole. Resource options and resource plans must be evaluated on their ability to:
  - Maintain or improve the adequacy and reliability of utility service;
  - Keep the customers' bills and the utility's rates as low as practicable, given regulatory and other constraints;
  - Minimize adverse socioeconomic effects and adverse effects upon the environment;
  - Enhance the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations;
  - Limit the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control; and
  - A review of the IRP to ensure it will not result in energy costs to consumers that are unreasonable or unfair.

### MEA Response

As MEA discussed in its previous comments, a clear standard of review for Commission approval is the IRP containing the minimum set of required elements specified in regulations. The IRP including these items as a minimum provides a basic threshold test for completeness. An incomplete IRP should be

returned for modification to address the lacking areas. A complete IRP can be then further considered for approval.

The appropriate metrics for approval of a complete IRP are laid out in SB 123, and those should be reflected in regulation as they are laid out in Option 2. Those are an IRP that includes a robust stakeholder process, produces greatest value consistent with the LSE's obligations, and considers a full range of cost-effective means. Note that the first standard (stakeholder process) is also addressed in Question 10 and the language here may be sufficient to address that question as well. Also, the language of Option 2 is redundant as number 4 reiterates consideration of all options and production of greatest value so that language can be truncated.

MEA does not disagree with the standards in Option 1 but believe they are covered in Option 2, which is aligned with SB 123 and provides the broader standards from that. MEA believes that the Commission will review the entire IRP so that the references to certain aspects of the IRP in Option 3 are inappropriate. Option 4 departs from SB 123 by developing new standards (*e.g.*, rates as low as possible and minimize adverse impacts on the environment) and standards that are vague (*e.g.*, energy costs to consumers that are not unfair). The ultimate standard of SB 123 is greatest value. Greatest value can and should consider risk and uncertainty, and MEA proposes a definition that will capture as much in Question 14.

## Large Project Preapproval

### Questions 1-3

**1)** If a project is submitted for pre-approval outside of the IRP process, what criteria should be used to determine that the facility is necessary to the interconnected electric energy transmission network with which it would be interconnected?

- **Option 1.** Regulations will require that, when a project is submitted outside the IRP planning process, the sponsor of the facility must demonstrate and confirm the need for the facility by providing:
  - o Evidence that the failure to acquire the facility could result in material degradation to utility customer service or reliability requirements;
  - o Evidence that the failure to acquire the facility would result in higher utility costs to customers over time compared to status quo;
  - o Evidence that the provision of ancillary services add flexibility to the grid, increase the ability for the transmission network to meet established reliability standards, and increase grid security;
  - o Evidence of the benefits of the facility, including its uses to protect or enhance environmental quality, and to increase reliability and diversity of energy supply; and
  - o Evidence of regional economic impact that result in a positive net present value for the project.
- **Option 2.** Regulations will require support for the validity of the forecast or reliability requirement on which the necessity for the facility is based.

- **Option 3.** Regulations will require a demonstration of how the proposed facility meets regional energy needs in the ERO's service area.
- **Option 4.** Regulations will require a calculation of the proposed facility's capital and ongoing operation and maintenance costs as compared to possible alternatives for satisfying the identified need.

2) What criteria should be used to determine that a facility project meets the needs of a load-serving entity in a cost-effective manner?

- **Option 1.** Regulations will allow for the consideration of the impact of a future time frame when determining the cost-effectiveness and necessity of a project.
- **Option 2.** Regulations will provide that facility approval will be contingent upon vetting in an IRP process.
- **Option 3.** Regulations will allow for an evaluation based on showing of need, including the inclusion of the project in current capital improvement plans and the commitment of capital.

3) Should regulations address criteria for approval or disapproval when, outside of an IRP process, an LSE seeks project preapproval for a large energy facility that has material capacity or capabilities in excess of its own needs?

- **Option 1.** Regulations provide for policies that allow emergent reliability issues to be addressed whether or not the solutions were foreseen in an IRP. However, the requestor must explain why the request is being made outside the process or is superior to the solution proposed by the IRP.
- **Option 2.** Regulations rely on the following factors in evaluating large projects outside the IRP process (1) the validity of the forecast or reliability requirement on which the necessity for the facility is based; (2) how the proposed facility meets regional energy needs in the ERO's service area; (3) the benefits of the facility, including its uses to protect or enhance environmental quality, and to increase reliability and diversity of energy supply in the Rail belt; (4) the capital and ongoing operation and maintenance costs of the proposed facility as compared to possible alternatives that meet the same need.

### MEA Response

It appears to MEA that Questions 1-3 may best be approached together since all three questions seem to be addressing the issue of out-of-IRP-cycle projects. MEA sees out-of-IRP-cycle projects as a single issue that should be addressed accordingly. Being outside of the IRP process, such projects will lack the IRP pre-approval mechanism and will need their own process for approval. That approval should consist of validating the necessity and the cost-effectiveness of such projects.

There are several very valid drivers of necessity for projects which MEA mentioned in its previous comments. Those are unexpected load growth, adherence with reliability standards, and generator interconnection-related projects. If it can clearly be shown that one of these drivers, having not been anticipated in the most recent IRP and having an urgency that cannot wait for the next IRP, that should produce sufficient grounds for necessity for the project.

Cost-effectiveness can be shown by demonstration of the least-cost solution for addressing the project need. For example, a transmission solution could be required to address a local reliability concern that develops because of evolving standards or grid conditions. The local utility would need to explain the range of potential solutions studied and provide justification for the required option to demonstrate cost-effectiveness. If a solution with excess capabilities is demonstrated as superior in terms of cost as compared to other feasible solutions, then it should be accepted as the cost-effective, optimal solution.

- Several of the Options provided for any one question only address the issue of out-of-cycle projects in a partial manner, are incomplete, or could be applied to other questions to some degree. For example, Option 4 of Question 1, which is concerned with demonstrated need, is related to costs. Option 2 of Question 2 on cost-effectiveness requires vetting in an IRP which is impossible for an out-of-cycle, need-driven provide. As an alternative to the Options provided, MEA suggests that regulation language reflect the legitimate, potential need for out-of-cycle projects, how that need should be demonstrated (*e.g.*, driven by reliability standards), and how cost-effectiveness for meeting that need should be demonstrated (least-cost versus other alternatives). For independent projects there should be the necessary contractual arrangements in place to ensure financial viability of the project

#### Question 4

How should the terms “refurbishment” or “capitalized maintenance” be defined?

- **Option 1.** Regulations define that “refurbishment or capitalized maintenance activity, that is not subject to RCA preapproval, should not result in an increase in generation nameplate capacity (of 15 MW or more for example) or would not include the addition of facilities that are defined to be Large Energy Facilities pursuant to AS 42.05.785(e).”
- **Option 2.** Regulations state facility is appropriate “as long as the capacity of the plant is not increased by more than twenty-five (25) percent or fifty (50) megawatts, whichever is greater.
- **Option 3.** Regulations state the refurbishment to a transmission line “could include upgrades to an existing transmission line that does not increase the voltage or effective length of the transmission line, exclusive of minor re-routing (or upgrades within an existing facility right-of-way).
- **Option 4.** Regulations define a certain dollar amount a project or percentage of plant in service amount that a project would exceed to mandate preapproval.
- **Option 5.** Regulations define capitalized maintenance or refurbishment as “any work done at a generation site which results in a material modification to either (i) increase net dependable capability (*e.g.*, add a steam turbine to a combustion turbine), (ii) change the prime mover (*e.g.*, gas to renewable conversion) or (iii) extend its life past total plant life as defined in an RCA approved depreciation study.

#### MEA Response

MEA would like to clarify Option 5 because it comes from MEA’s previous comments. In those previous comments, MEA provided that “Capitalized maintenance or Refurbishment should not refer to any work done at a generation site which results in a material modification to either (i) increase net dependable

capability (*e.g.*, add a steam turbine to a combustion turbine), (ii) change the prime mover (*e.g.*, gas to renewable conversion) or (iii) extend its life past total plant life as defined in a RCA approved depreciation study.” Options 5 defines those terms as the inverse of what MEA was suggesting in its previous comments.

The concept behind MEA’s previous comments was focused on generation and avoiding significant, unusual generation investment that might displace new projects (increasing capacity significantly, fuel conversion, or life extension) that would otherwise be considered in the IRP. Regulation could define those terms in such a negative manner, meaning costs which do not meet those criteria would qualify as capitalized maintenance or refurbishment. However, MEA recognizes that some bandwidth for minor changes to capacity, as suggested in Option 1, could be appropriate. Also, MEA agrees that transmission should similarly be considered and defined as suggested in Option 3.