

## **Creating a customer-first electricity transmission policy**

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Utilities across the nation are investing billions of dollars to produce more electricity from renewable sources such as wind, solar, biomass and geothermal.

They support the move toward a cleaner energy future because the benefits — including lower greenhouse gas emissions, more green jobs and improved energy security — are clear.

What's less clear is how utilities will get new supplies of clean electricity to customers. And most importantly, who will pay for the major transmission investments needed to move the energy?

Unfortunately, some are pushing a massive spending plan that calls for building hundreds of miles of new power lines and sticking the bill with customers who receive little to none of the renewable electricity produced in far-away places.

Simply put, that's wrong.

And that's why the Coalition for Fair Transmission Policy (CFTP), a diverse group of electric utilities, is challenging any build-out of the electricity grid that would allow the federal government to nationalize transmission planning and include a cost-allocation plan forcing customers to fund transmission that doesn't deliver energy to their doorstep.

The possible benefits of a federal takeover of transmission — and many of the benefits of producing renewable energy — are far outweighed by its costs and fundamental unfairness. States and regions would lose their authority over resource and transmission planning, limiting their ability to keep the delivered price of electricity low and maintain high standards for reliability.

A nationalized transmission plan also would undercut regional efforts to promote local sources of renewable energy, impede efforts to create "green" jobs, and force some ratepayers in the East and the West to bear too much of the burden for new transmission costs.

Instead, a more prudent and efficient approach is to invest in new green generation closer to ratepayers. This would lead to more renewable energy production, reduce transmission costs and distribute the benefits of clean energy projects more broadly.

Costs matter. It's unfair to ask consumers to pay for expensive transmission if they receive little or no economic or reliability benefits. Unfortunately, that's not always how it works.

Consider the case in Michigan, where a recent study found ratepayers could pay 20 percent of the \$16 billion cost for building new transmission from clean energy plants in the Midwest. Yet, ratepayers may use almost none of the electricity, which comes mostly from renewable energy outside the state. That's unfair. Those benefiting from new transmission should pay the costs of building the transmission.

The CFTP's concerns are shared by a wide variety of supporters.

The Senate Energy Committee recently adopted an amendment by Sen. Bob Corker (R-Tenn.) precluding the allocation of transmission expansions costs unless there are measurable benefits for consumers.

In a mid-July letter to Senate leaders, 11 governors from eastern states expressed doubts about Senate transmission provisions that would shift the cost of electricity production in the Midwest to eastern ratepayers, inhibit the creation of their own renewable sources of energy, usurp state transmission planning authority, and endanger economic recovery plans that rely on green jobs.

These eastern governors are understandably wary of subsidizing an estimated \$160 billion proposal for new transmission lines to access remote resources because the project could add hundreds of dollars annually to ratepayers' electric bills. The transmission approach in one Senate bill "threatens to undermine the significant renewable energy potential along the East Coast by subsidizing distant terrestrial wind resources which would stifle economic recovery and growth in the East," the letter stated.

Governors from Western states also have endorsed a "user pays" approach for transmission. In a letter to congressional leaders last year, the governors of Arizona, California, Nevada, Oregon and Washington said "it is inappropriate to assess the cost of a transmission build-out to customers that cannot make use of the facilities, or who elect not to because they can access more cost effective options that do not rely on large, new transmission investments to meet environmental objectives."

Meanwhile, the National Association of State Utility Consumer Advocates (NASUCA) has said transmission expansion and upgrades must incorporate least-cost planning principles that identify benefits to ratepayers and improve reliability. A recent NASUCA resolution stated that cost allocation efforts "must reflect the distribution of costs and benefits associated with particular projects."

The CFTP's members and supporters — who collectively serve more than a quarter of U.S. electric customers — share these concerns. Any electricity transmission

proposal on Capitol Hill or at the Federal Energy Regulatory Commission (FERC) should encourage the development of renewable energy without burdening consumers with unwarranted costs, undermining regional planning efforts, or discriminating against local renewable energy projects.