

Electricity
Transmission
Competition
Coalition

MICHIGAN

Why Electricity Transmission Competition is Needed Now for Michigan Families and Businesses

Background

To achieve its net-zero carbon emissions goals, the U.S. will require \$2.1T in electricity transmission investment by 2050. Requiring competition and transparency in the transmission planning and construction processes are key to keeping electricity costs down for businesses and families in Michigan.

Unfortunately, incumbent utility companies oppose competition at great cost to electricity consumers in your state.

As the Federal Energy Regulatory Commission (“FERC”) addresses this issue in 2022, Congress should encourage FERC to require that transmission competition.

Impact on Michigan

Michigan is part of the MISO regional transmission organization (RTO). Transmission rates for MISO customers have increased substantially over the last decade, despite relatively flat demand.

Competition for electricity transmission will lower costs and save Michiganders money without unnecessary delays in construction or risking service reliability.

By the Numbers



\$2.1T

To achieve its net-zero carbon emissions goals, the U.S. will require \$2.1T in electricity transmission investment by 2050.



20% - 30%

Competition in electricity transmission could lead to an estimated cost savings of 20% to 30%.



\$8B

Electricity transmission competition could save customers \$8B over 5 years.

The Case for Electricity Transmission Competition is Stronger than Ever



Competition lowers costs for consumers

- ▶ Requiring competition in building out the transmission grid results in competitively priced transmission projects, construction of projects that meet reliability requirements, and ensures that transmission investments are market-driven.
- ▶ Reducing transmission costs through competition results in lower electricity prices for all ratepayers – from individual households to small businesses to large manufacturers.
- ▶ Only 3% of today's projects are competitively bid, despite FERC Order 1000 that was to usher in an era of competition. Competition in electricity transmission could lead to an estimated cost savings of 20% to 30%.



Electricity transmission competition enjoys broad support

- ▶ Members of Congress from both sides of the aisle.
- ▶ The National Association of State Regulatory Utility Commissions (NARUC) and key state commissions across the country.
- ▶ The U.S. Courts have all upheld competition in transmission.
- ▶ The ETCC represents a diverse group of more than 70 companies and organizations, including manufacturing groups, retail electric consumers, state consumer advocates, public power representatives, think tanks, and non-incumbent transmission developers.



Competition will help achieve net-zero carbon emissions at reduce costs

- ▶ If the U.S. is to meet its carbon emission goal of net-zero by 2050, a massive investment in electric transmission is necessary.
- ▶ The U.S. will need to expand its electricity transmission system by 60% by 2030 – and may need to triple it by 2050.
- ▶ The cost discipline and innovation that competitive transmission encourages will help shield consumers against potentially excessive costs, which is why consumer groups overwhelmingly support competition.
- ▶ If just one third of the electricity transmission investment were subject to competition and assuming a 25% cost savings, it would generate \$175B in project savings by 2050.



Since 2012, transmission rate costs to customers have substantially increased, despite relatively flat demand.

Figure 1 depicts the growth in regional aggregated transmission rate since 2012, compared to relatively flat demand for electricity from Michigan consumers. Figure 2 compares the growth in regional transmission rates to the declining price of energy over the same period.

Fig.1
Growth in Regional Aggregated Transmission Rate vs Demand

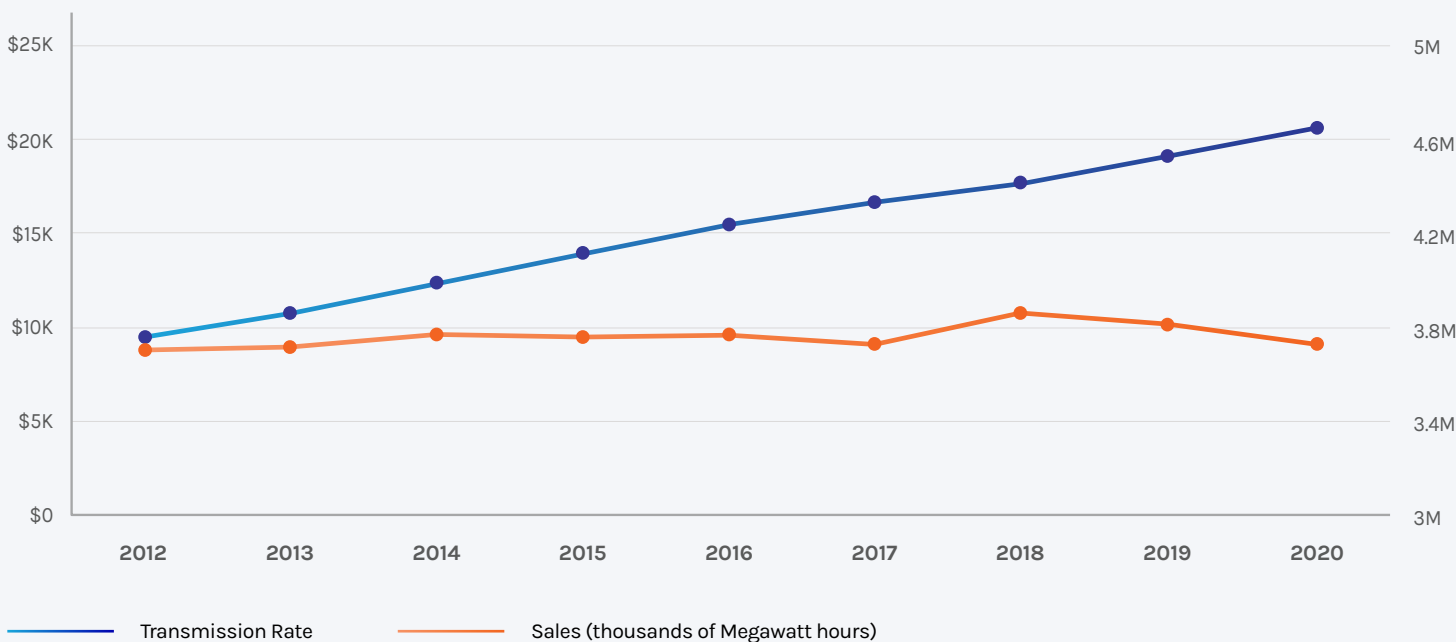


Fig. 2
Transmission Rate Base vs. Energy Price - MISO (2012 - 2020)



How Policymakers Can Encourage Competition

Transmission projects that should be open to competition have so far only accounted for 3% of new transmission lines. As the country diversifies its electricity power sources, new transmission lines will be needed and implementing real and robust competition for future projects will help lower costs for both retail and industrial consumers while enhancing innovation in the grid.

Congress should urge FERC to require transmission competition to the maximum extent practicable. The Electricity Transmission Competition Coalition recommends that the FERC implement the following initiatives, while rejecting efforts to stifle competition.

FERC should adopt rules that:

- 1 Deploy transmission competition for more projects and in all areas of the country. All transmission projects over 100kV should be competitively bid.
- 2 Streamline and expedite the selection of competitive offers for new transmission facilities.
- 3 Explicitly preempt state adoption of right-of-first refusal (ROFR) laws that impede transmission competition.
- 4 Eliminate any federal ROFR for transmission upgrades that are part of a competitively selected transmission project.
- 5 Impose on transmission owners the affirmative burden of demonstrating the prudence of transmission facility investments that are not offered for competitive solicitation.
- 6 Short of pre-empting state ROFR laws, blunt their harmful impacts or discourage their enactment.

Sources: Princeton University. 2021. Net-Zero America: Potential Pathways, Infrastructure, and Impacts; The Brattle Group. 2019. Cost Savings Offered by Competition in Electric Transmission

About ETCC

The Electricity Transmission Competition Coalition (ETCC) is a broad-based, nation-wide coalition committed to increasing competition in America's electricity transmission infrastructure. We advocate for common-sense policies and solutions that result in competitively priced transmission projects, which create cost savings for all ratepayers – from large manufacturers to residential consumers. The ETCC represents a diverse group of more than 70 companies and organizations from all 50 states, including manufacturing groups, retail electric consumers, state consumer advocates, public power representatives, think tanks and non-incumbent transmission developers.



Visit ETCCoalition.org or scan the QR code to learn more.

