



Electricity  
Transmission  
Competition  
Coalition

April 8, 2022

The Honorable Joe Manchin  
Chairman  
Senate Committee on Energy and Natural Resources  
304 Dirksen Senate Building  
Washington, DC 20510

***Re: Electricity Transmission Competition Reduces Consumer Costs and is Anti-Inflationary***

Dear Chairman Manchin:

As you pursue your legislative agenda to increase domestic production of energy, reduce inflation, increase employment, and address Build Back Better provisions to increase decarbonization, the undersigned organizations urge you to include the enclosed provisions that would unleash transmission competition, as FERC Order 1000 intended. Studies show that only three percent of all transmission projects are competitively bid and that competitively bid projects reduce costs to consumers between 20-30 percent.<sup>1</sup>

The request is consistent with President Biden's comments during the State of the Union address on March 1, 2022 when he stated, "Capitalism without competition is exploitation" and his Executive Order on "Promoting Competition in the American Economy." In fact, across the country, consumers are being exploited by incumbent electric utilities that have circumvented FERC Order 1000.

Incumbent transmission owners have managed to secure for themselves a combination of exceptions to competitive processes, adoption of state ROFR laws, and other anti-competitive barriers to thwart competition in transmission planning and construction. As a result, from 2014 to 2020, RTO/ISO markets transmission costs increased by \$74.9 billion or 78.7 percent, while electricity demand was flat. (Figure 2.) Demand in 2014 was 3.76 billion MWh and 2020 it was 3.72 billion MWh.<sup>2</sup>

Transmission competition is especially important given President Biden's plans to decarbonize the economy, which is projected by some to require record transmission spending. Under one of the Princeton "Net Zero America" study scenario, the U.S. may need to spend \$2.1 trillion by

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<sup>1</sup> Cost Savings Offered by Competition in Electric Transmission, Brattle Group, [https://www.brattle.com/wp-content/uploads/2021/05/16726\\_cost\\_savings\\_offered\\_by\\_competition\\_in\\_electric\\_transmission.pdf](https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf)

<sup>2</sup> Electricity, U.S. Energy Information Administration, <https://www.eia.gov/electricity/>

2050 to build-out the transmission grid.<sup>3</sup> Studies have shown that competition can reduce the cost of transmission projects by 20-30 percent.<sup>4</sup> Therefore, a 25 percent savings would save consumers an estimated \$170 billion.

Incumbent electric utilities who oppose transmission competition would have you believe that electricity electrons stop at a state’s border. The vast majority of transmission is in interstate commerce and that is why it is subject to federal jurisdiction and why legislation is needed to ensure that consumers benefit from competition and lower costs.

**FIGURE 1**

Transmission Zone	2015	2021	Percent Increase
AEP	\$41,438	\$95,598	+130.9%
Penelec	\$15,112	\$50,128	+231.8%
PPL	\$34,595	\$97,881	+182.7%
PSEG	\$96,521	\$172,190	+78.4%

**FIGURE 2**

Comparison of Transmission Investment by Region 2014 – 2020 (\$ millions)<sup>5</sup>

Year	CAISO	FRCC	ISO-NE	MISO	NYISO	PJM	SERC	SPP	WECC	Yearly Total
2014	\$7,964	\$1,646	\$6,347	\$15,373	\$22,896	\$20,373	\$7,504	\$6,015	\$7,044	\$95,163
2015	\$11,533	\$2,228	\$7,043	\$17,187	\$23,858	\$24,957	\$8,007	\$6,622	\$7,395	\$108,831
2016	\$13,015	\$2,472	\$7,665	\$20,072	\$24,303	\$29,554	\$8,616	\$7,265	\$7,859	\$120,821
2017	\$15,137	\$2,700	\$8,259	\$22,846	\$25,645	\$33,877	\$9,003	\$7,832	\$8,227	\$133,526
2018	\$15,594	\$2,851	\$8,823	\$25,197	\$26,660	\$37,542	\$10,067	\$8,508	\$8,543	\$143,784
2019	\$16,217	\$3,030	\$9,545	\$27,206	\$27,740	\$42,319	\$10,834	\$8,931	\$8,950	\$154,773
2020	\$17,481	\$3,115	\$10,269	\$30,532	\$29,796	\$48,799	\$11,568	\$9,292	\$9,240	\$170,092
Grand Total	\$96,941	\$18,042	\$57,950	\$158,414	\$180,899	\$237,421	\$65,600	\$54,465	\$57,257	\$926,989

We urge you to include the following provisions in your legislation.

<sup>3</sup> NET-ZERO AMERICA: Potential Pathways, Infrastructure, and Impacts, Princeton University, <https://netzeroamerica.princeton.edu/?explorer=year&state=national&table=2020&limit=200>

<sup>4</sup> Cost Savings Offered by Competition in Electric Transmission, Brattle Group, [https://www.brattle.com/wp-content/uploads/2021/05/16726\\_cost\\_savings\\_offered\\_by\\_competition\\_in\\_electric\\_transmission.pdf](https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf)

<sup>5</sup> S&P Global Market Intelligence Regulatory Research Associates Regulatory Focus: An Overview of Transmission Ratemaking in the U.S. – 2021 Update

## TRANSMISSION COMPETITION LEGISLATIVE LANGUAGE

1. It is the policy of the United States that
  - a. the planning, siting, permitting, and operation of a modernized and integrated bulk electricity transmission system should facilitate a reliable, resilient, and cost-effective electricity supply and any necessary replacement of transmission infrastructure that is nearing the end of its useful life, at least cost to consumers; and
  - b. the public interest is served by overcoming regulatory and jurisdictional barriers to coordinated, cost-effective, and competitively procured investments in the Nation's electric grid system.
  
2. Not later than 18 months after the date of enactment of this Act, the Commission shall promulgate a final rule that:
  - a. Requires all regions of the country to conduct competitive processes for transmission projects that involve transmission facilities of 100 kilovolts or greater, unless such projects are required to address an immediate need on the system that arises as a result of unforeseeable circumstances; and
  - b. Allows all qualified transmission developers to participate and be selected in the competitive processes under (2)(a), if the qualified transmission developer notifies the selecting authority at the time its competitive proposal is submitted that it is willing to apply for necessary state and federal approvals if it is selected to develop the transmission project.
  
3. Any State laws that prohibit or impede the objectives set forth in Section 2; or that state that an entity does not qualify to apply for State or local authorization to construct a transmission project because the developer does not serve end-use consumers in the State; or that limit transmission permitting or ownership to entities owning existing transmission facilities in the State or existing public utilities in the State; or that provide existing transmission owners with a right of first refusal or any preference for transmission project construction or ownership are hereby preempted.

Please let us know how we may assist you in moving forward. Thank you in advance for protecting consumers from monopoly power and higher costs.

Sincerely,

Paul N. Cicio

*Paul N. Cicio*

Chairman, Electricity Transmission Competition Coalition

<https://electricitytransmissioncompetitioncoalition.org/>

## COALITION MEMBERS

American Forest & Paper Association  
Ag Processing  
Aluminum Association  
American Chemistry Council  
American Foundry Society  
American Iron and Steel Institute  
Ardagh Group  
Arglass Yamamura  
Arkansas Electric Energy Consumers, Inc.  
Arkansas Forest and Paper Council  
Association of Businesses Advocating for Tariff Equity  
CalPortland Company  
Can Manufacturers Institute  
Carolina Industrial Group for Fair Utility Rates  
Carolina Utility Customers Association, Inc.  
Century Aluminum  
Chemistry Council of New Jersey  
Council of Industrial Boilers Organization  
Coalition of MISO Transmission Customers  
Delaware Energy Users Group  
Digital Realty  
Domtar Corporation  
Eramet Marietta Inc.  
Ford Motor Company  
Formosa Plastics Corporation, USA  
Foundry Association of Michigan  
Glass Packaging Institute  
Industrial Energy Consumers of America  
Illinois Industrial Energy Consumers  
Indiana Cast Metals Association  
Indiana Industrial Energy Consumers  
Industrial Energy Consumers of Pennsylvania  
Industrial Energy Users-Ohio  
Industrial Minerals Association-North America  
Iowa Business Energy Coalition  
Iowa Industrial Energy Group, Inc.  
Iron Mining Association of Minnesota  
Lehigh Hanson, Inc.  
LS Power Development, LLC  
Maine Industrial Energy Consumer Group  
Marathon Petroleum Company  
Maryland Office of People's Counsel  
Metalcasters of Minnesota  
Messer Americas

Michigan Chemistry Council  
Midwest Food Products Association  
Minnesota Large Industrial Group  
Multiple Intervenors, NY  
National Council of Textile Organizations  
National Retail Federation  
North Carolina Manufacturers Alliance  
Office of the People's Counsel for the District of Columbia  
Ohio Cast Metals Association  
Ohio Energy Group  
Ohio Manufacturers' Association  
Ohio Steel Council  
Oklahoma Industrial Energy Consumers  
Olin Corporation  
Owens-Illinois  
Pennsylvania Energy Consumer Alliance  
PJM Industrial Customer Coalition  
Portland Cement Association  
Public Citizen, Inc.  
R Street  
Resale Power Group of Iowa  
Retail Industry Leaders Association  
Riceland Foods, Inc.  
Rio Tinto  
Steel Manufacturers Association  
Texas Cast Metals Association  
Vallourec STAR LP  
Vinyl Institute  
Virginia Manufacturers Association  
West Virginia Energy Users Group  
West Virginia Manufacturers Association  
Wisconsin Cast Metals Association  
Wisconsin Industrial Energy Group