

Legislative Principles to Support Transmission Deployment

2023-2024

Americans for a Clean Energy Grid (ACEG) is a non-profit advocacy coalition focused on the need to expand and modernize the North American high-capacity grid. **Through extensive consultation, the following legislative principles were crafted to accelerate transmission buildout and develop a reliable grid that meets evolving U.S. electric needs.**

Transmission Tax Credit

Congress should enact a transmission tax credit that provides a 30% credit for regionally significant transmission lines. The credit should include the same standards of domestic content, labor standards, prevailing wage and apprenticeship requirements, normalization opt-out, transferability, and duration that were provided in the Inflation Reduction Act.

- ◇ ACEG recommends the threshold for regionally significant transmission be set at 750 MW or 345kV or greater and extend over at least two states, or one state and the outer continental shelf, or 150 miles.
- ◇ The credit should apply to 750 MW circuits that can be aggregated in the same ROW for offshore wind.
- ◇ Eligible projects should also include upgrades of at least 500 MW and shared network interconnection facilities of at least 230kV.

Siting and Permitting Reform

The federal government should have plenary jurisdiction for siting and permitting of regionally significant transmission lines. When consolidated with Federal Power Act (FPA) section 216(h) authority, jurisdiction over these lines would lead to unified siting and permitting in a single federal agency. In addition, such projects should also be automatically entered into the Federal Permitting Improvement Steering Council (FPISC) process, where deadlines among agencies should be established within 60 days of the filing of an application.

Congress should require that the federal permitting process for transmission projects take no more than five years from the initial application through record of decision, and including, if appropriate, the notice to proceed.

- ◇ Federal agencies should not be able to delay deadlines without agreement from the applicant, and any delay should last no more than six months. If an applicant independently requests a delay, the agency should accommodate.
- ◇ The siting process should allow for a pre-application consultation with stakeholders in affected communities, including notice and engagement with stakeholders and affected communities.
- ◇ If a federal agency misses its deadline, the appeal process in FPA section 216(h)(6) should apply.
- ◇ A project must be analyzed in a single environmental review, including any review associated with a corridor designation under FPA section 216(h)(5)(A).
- ◇ The period of time for judicial review of a final siting decision should be shortened from six years to provide greater certainty and should be consistent with other periods to seek judicial review for other infrastructure projects. For example, the FAST Act provides for two years to seek an appeal.

Community Engagement and Benefits

Ongoing funding should be made available for potentially impacted communities (including environmental justice and tribal communities) to participate in:

- ◇ regional and interregional planning and
- ◇ project-specific siting, routing, pre-development and technical assistance processes.

Congress should also implement a revenue sharing arrangement for transmission projects. For instance, a portion of federal lease payments for transmission lines could be allocated to a community benefit fund for communities and tribes impacted by regionally significant transmission lines.

Developers should be able to seek recovery of costs in transmission rates for community benefit payments to jurisdictions impacted by a project.

Interregional Transmission Planning and Cost Allocation

FERC should be required to issue a rulemaking within 180 days, and finalize a rule no later than one year after enactment, to establish a formula to set an interregional transfer capability minimum between any two adjacent Order No. 1000 planning regions and to require planning regions to meet or exceed that minimum capacity. In determining the need for interregional transfer capacity, the Commission must evaluate costs as well as full electricity system benefits.

Congress should direct FERC to require that every region develop an interregional transmission planning process based on expected needs and net benefits 20 years in the future that: (a) accounts for full electricity system benefits; (b) selects projects to meet identified interregional needs through a single, coordinated assessment; and (c) provides for predictable cost recovery and cost allocation roughly commensurate with benefits.

- ◇ Benefits include improved reliability, enhanced resilience, reduced congestion, reduced power losses, greater carrying capacity, reduced planning and operating reserve requirements, and improved access to generation, in accordance with FERC's existing cost allocation principles.
- ◇ Regions must adopt common metrics – including benefits, needs, and input assumptions – and methods to facilitate interregional transmission planning.
- ◇ All interregional plans must be completed within two years of enactment of this legislation, and updated not less frequently than every two years thereafter. Interregional planning processes should consider all potential transmission solutions regardless of regulatory or business model.

If an interregional plan with the above characteristics is not in place, a transmission developer should be able to file at FERC to recover costs of transmission lines that interconnect with more than one planning region, upon a showing that the benefits outweigh the cost of the project. Costs should be allocated to regions roughly commensurate with electricity system benefits discussed above, consistent with FERC precedent.

Interregional planning and cost allocation requirements should also apply to transmission owners and operators in ERCOT, but the construction or operation of any interregional facility or allocation of costs to meet a minimum interregional transfer capability should not affect the Commission's jurisdiction over ERCOT or any ERCOT utility.

Have questions?
Contact info@cleanenergygrid.org