

August 3, 2021

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

The Honorable John Barrasso
Ranking Member
Senate Committee on Energy and
Natural Resources
Washington, DC 20510

The Honorable Frank Pallone, Jr.
Chairman
House Committee on Energy and
Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Cathy McMorris
Rodgers
Ranking Member
House Committee on Energy and
Commerce
Washington, DC 20515

***Re: Consumers Urge Congress to Support Competition on Electric Transmission
Projects and Oppose Monopoly Market Power on Electric Transmission Projects***

Dear Chairman Manchin, Chairman Pallone, Ranking Member Barrasso and Ranking
Member McMorris Rodgers:

On behalf of the Electricity Transmission Competition Coalition (ETCC) and the
undersigned organizations, we urge you to protect electric ratepayers in any electric
transmission infrastructure legislation, including H.R. 3684, the Infrastructure Investment
and Jobs Act, now being debated. The legislation should ensure that electric transmission
projects will be competitively bid, thereby reducing ratepayer cost increases that will
result from increased transmission capital spending.

The transmission component of our members' electric bills has soared. According to the
Edison Electric Institute (EEI), transmission spending from investor-owned electric
utilities surged 42 percent from \$17.7 billion in 2013 to \$25.1 billion in 2019.¹ U.S.
demand increased by 2.3 percent.² Transmission projects subject to competition represent
only about 3 percent of U.S. transmission investments between 2013-2017.³
Transmission additions subject to competition, however, have projected reductions of up
to 33 percent and include a variety of other ratepayer protections.⁴

The undersigned are not opposed to appropriately planned expansions of the transmission
grid or transmission enhancements. We do, however, oppose transmission monopoly
market power that leads to transmission capacity additions that are not holistically
planned and costs that are not checked against alternative transmission and non-wires

¹ "Financial Review 2019," Edison Electric Institute (EEI),
https://www.eei.org/issuesandpolicy/Finance%20and%20Tax/Financial_Review/FinancialReview_2019.pdf;

² "Electric Power Annual 2019," U.S. Energy Information Administration (EIA), page 10, table 2.2,
https://www.eia.gov/electricity/annual/html/epa_01_02.html

³ "Cost Savings Offered by Competition in Electric Transmission," The Brattle Group, April 2019, page 19,
https://brattlefiles.blob.core.windows.net/files/15987_brattle_competitive_transmission_report_final_with_data_tables_04-09-2019.pdf

⁴ *Id.*, Page 13

solutions. We support the addition of needed transmission capacity at the lowest possible cost.

It is important to remember that for every dollar spent on transmission, ratepayers will carry those costs every year for 40-50 years, plus maintenance costs that increase annually, plus a utility rate of return on equity in the range of 9-12 percent per year. The costs are significant.

A Princeton University study addresses the cost of President Biden's net-zero emissions goal. It states, "High voltage transmission capacity expands ~60% by 2030 and triples through 2050 to connect wind and solar facilities to demand; total capital invested in transmission is \$360 billion through 2030 and \$2.4 trillion by 2050."⁵ If transmission investments are competitively bid, consumers could avoid hundreds of billions of dollars in higher electricity costs.

In 2011, FERC issued Order No. 1000 to usher electric transmission competition into national policy. FERC took the position that transmission competition was in consumers' interests and the public interest. FERC ordered that "rights of first refusal" for incumbent transmission owners be removed from all federal tariffs across the country. FERC's order requiring that federal transmission expansion processes should have competitive pressures to ensure just and reasonable rates was upheld by the United States Court of Appeals for the DC Circuit and appellate courts across the U.S. But successful lobbying efforts by monopoly utilities at the state level quickly led to the enactment of additional state "right of first refusal" laws across the country, which preserve or reinstate transmission monopolies for incumbent transmission owners. Where state rights of first refusal have not been put in place, local planning has supplanted regional planning, due in part to necessary local upgrades to an aging grid, but also as an effort to circumvent transmission competition under FERC Order No. 1000. Some utilities have relied on local planning as a means to avoid competition, contrary to the intent of FERC Order No. 1000, and consumers are paying the price through increased transmission costs.

We look forward to working with you and the Committee to ensure that consumers are protected from monopoly market power as appropriately identified transmission additions are planned. For more information, please contact Paul N. Cicio at pcicio@ieca-us.org or 703-216-7402.

Sincerely,

Ag Processing, Inc.
Aluminum Association
American Chemistry Council
American Forest and Paper Association
American Foundry Society
American Iron and Steel Institute

⁵ "Net-Zero America," Princeton University, December 2020, page 106, <https://acce.princeton.edu/acce-news/net-zero-america-report-release/>

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
Coalition of MISO Transmission Customers
Council of Industrial Boiler Owners
Digital Realty
Domtar Corporation
Electricity Consumers Resource Council
Eramet Marietta Inc.
Ford Motor Company
Formosa Plastics Corporation, U.S.A.
Foundry Association of Michigan
Glass Packaging Institute
Illinois Industrial Energy Consumers
Indiana Cast Metals Association
Indiana Industrial Energy Consumers
Industrial Energy Consumers of America
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
Maryland Office of People's Counsel
Messer Americas
Metalcasters of Minnesota
Michigan Chemistry Council
Midwest Food Products Association
Minnesota Large Industrial Group
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
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
Wisconsin Cast Metals Association
Wisconsin Industrial Energy Group

cc: Senate Committee on Energy and Natural Resources
House Committee on Energy and Commerce
U.S. Congress
The Honorable Jennifer Granholm, U.S. Department of Energy
FERC Commissioners