



Electricity
Transmission
Competition
Coalition

June 23, 2022

The Honorable Mike Crapo
Ranking Member Senate Committee on Finance
239 Dirksen Senate Office Building
Washington, DC 20510

Re: Fight Electricity Price Inflation by Supporting Electricity Transmission Competition

Dear Ranking Member Crapo,

On behalf of the Electricity Transmission Competition Coalition and the undersigned organizations, we urge you to support electricity transmission competition in the fight against inflation. On April 21, 2022, the Federal Energy Regulatory Commission (FERC) released its notice of proposed rulemaking, but instead of supporting transmission competition, FERC chose to shield incumbent monopoly electric utilities – a decision that will lead to higher costs for consumers. Competition is a proven tool in the fight against inflation, using the power of the free market to drive down costs, create jobs, and drive innovation. We urge you to communicate your concerns to FERC.

As of [May 2022](#), electricity price inflation for the last year was 12 percent, outpacing the Consumer Price Index, which is already at 40-year highs. Inflation in electricity is putting further pressure on households and businesses already grappling with uncertainty over the current business environment and persistent supply chain issues.

Across the country, consumers are being exploited by incumbent electric utilities that have circumvented FERC Order 1000, which was supposed to usher in an era of competition. Despite that order, studies have shown that only about 3 percent of electric transmission projects are competitively bid.¹

Transmission competition is especially important as the country moves toward an increasingly electrified society with diverse energy production sources. Under one of the scenarios outlined in Princeton University's "Net Zero America" study, the United States may need to spend \$2.1 trillion by 2050 to build out the transmission grid.²

¹ Brattle Group: Cost Savings Offered by Competition in Electric Transmission, https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf

² NET-ZERO AMERICA: Potential Pathways, Infrastructure, and Impacts, Princeton University, <https://netzeroamerica.princeton.edu/?explorer=year&state=national&table=2020&limit=200>

Research has shown that competition can reduce the cost of transmission projects by 20-30 percent. Therefore, a middle range 25 percent savings would save consumers an estimated \$170 billion in construction costs. Open competition is a key driver of innovation in the private sector, lowering production costs but also lowering the bills that consumers pay, alleviating long-term inflationary pressures.

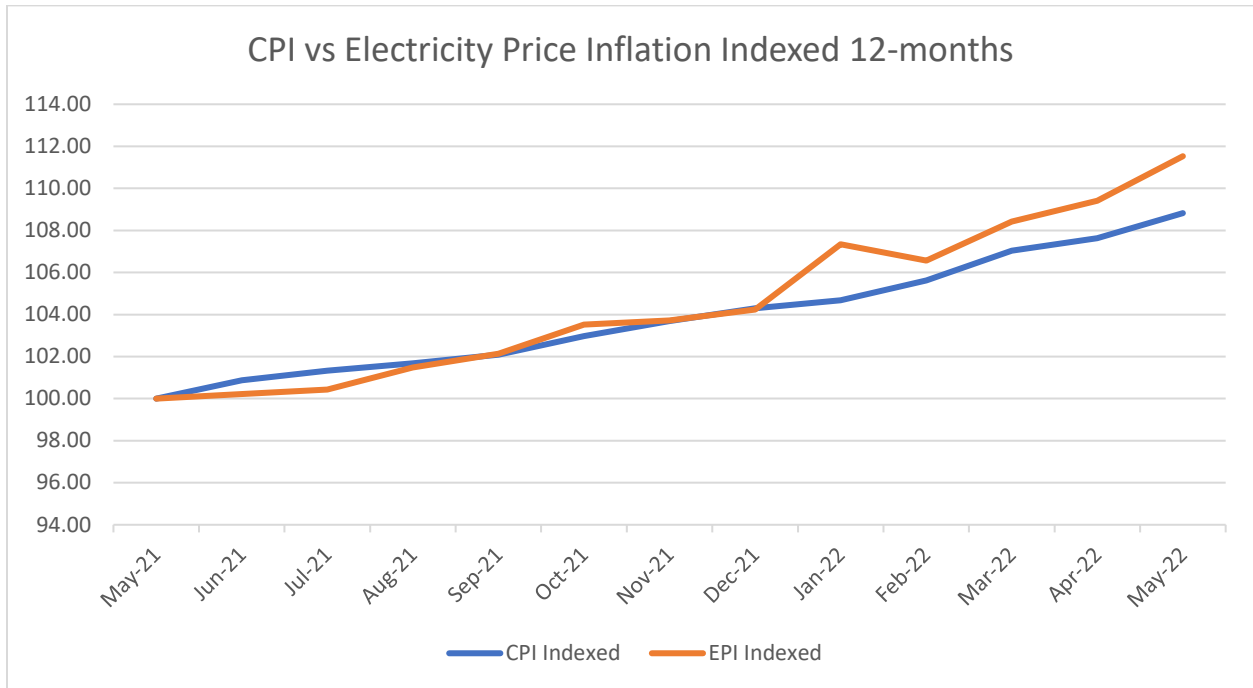


Fig. 1: Compared to the overall Consumer Price Index, energy price inflation rose faster over the last 12 months.

In short, electricity transmission competition is an important policy solution to electricity inflation problem.

However, incumbent electric utilities oppose electricity transmission competition, and would have you believe that electricity electrons stop at a state's border. The majority of transmission projects involve interstate commerce, and that is why changes to FERC's regulations are needed to ensure that consumers benefit from competition and lower costs.

Thank you in advance for protecting consumers from monopoly power and higher costs.

Sincerely,
Paul N. Cicio

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Chairman, Electricity Transmission Competition Coalition

<https://electricitytransmissioncompetitioncoalition.org/>

MEMBERS OF THE ELECTRICITY TRANSMISSION COALITION

Alliance of Western Energy Consumers (AWEC)
Ag Processing
Aluminum Association
American Chemistry Council
American Forest & Paper Association
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
Chemical Industry Council of Illinois
Coalition of MISO Transmission Customers
Commercial Metals Company
Council of Industrial Boilers Organization
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
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

Marathon Petroleum Company
Maryland Office of People's Counsel
Messer Americas
Metalcasters of Minnesota
Michigan Chemistry Council
Midwest Food Products Association
Minnesota Large Industrial Group
Multiple Intervenors, NY
National Council of Textile Organizations
National Retail Federation
NextEra Energy
North Carolina Manufacturers Alliance
NovoHydrogen
Office of the People's Counsel for the District of Columbia
Ohio Cast Metals Association
Ohio Energy Group
Ohio Manufacturers' Association
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
Wisconsin Cast Metals Association
Wisconsin Industrial Energy Group