OVERSIGHT OF FERC: ADVANCING AFFORDABLE AND RELIABLE ENERGY FOR ALL AMERICANS

HOUSE SUBCOMMITTEE ON ENERGY, COMMITTEE ON ENERGY AND COMMERCE

FEBRUARY 3, 2026

COMMENTS FOR THE RECORD
OF

PRESIDENT & CEO
INDUSTRIAL ENERGY CONSUMERS OF AMERICA
1050 CONNECTICUT AVENUE, NW, SUITE 500
WASHINGTON, DC 20036
WWW.IECA-US.ORG

EXECUTIVE SUMMARY

The Federal Energy Regulatory Commission (FERC) can substantially reduce the cost of electricity transmission and increase affordability by fully exercising their existing authority to rein in ten lucrative transmission incentives that result in ROEs of 10-13 percent. And by enforcing Order 1000, which would unleash competition, by having utilities compete with one another in building new transmission lines and closing the loophole that the utilities are using to avoid competition. Projects that have been competitive have seen cost reductions of 20-40 percent (see Figure 2). According to the Edison Electric Institute, investor-owned utilities spent $37.8 billion on new transmission in 2025. A cost saving of 25 percent would have avoided $9.45 billion in higher electricity prices for ratepayers.

It is long established that the primary aim of the Federal Power Act, as implemented by FERC, is to protect consumers from excessive rates and charges.[1] FERC itself, in defending its recent transmission Order No. 1920, asserted that "ensuring grid reliability and just and reasonable rate are the 'core objects' of FERC's statutory duties under the Federal Power Act."[2] Yet, FERC provided no cost mitigation measures in Order No. 1920, instead FERC allowed utilities to still earn lucrative incentives and FERC backpedaled on transmission competition by handing out more projects to incumbent monopolies.

It is time for FERC to stop protecting monopoly utilities and start protecting ratepayers.

COMMENTS FOR THE RECORD

Re: Actions FERC Can Take to Increase Electricity Affordability for Ratepayers

We believe that FERC can reduce the cost of electricity transmission and increase affordability by fully exercising their existing authority.

According to the Bureau of Labor Statistics, electricity prices were up 6.7 percent from December 2024 to December 2025 as compared to an overall 2.7 percent inflation rate.[3] Much of the increase in electricity prices is associated with transmission costs and especially transmission projects that do not face competition. A monopoly utility has zero incentive to reduce costs. They have a perverse incentive. The more they spend the more their profit increases. Less than 10 percent of all transmission projects face competition.

Figures 1, 2 and 3 use real transmission project data to illustrate that requiring utilities to compete substantially reduces ratepayer costs.

---

[1] *Xcel Energy Services v. FERC*, 815 F.3d 947, 952-53 (D.C. Cir. 2016)

[2] *See* Brief of Respondent Federal Energy Regulatory Commission, 4th Cir. No. 24-1650 *et* al, at p. 121-122 (filed Jan. 5, 2026)

[3] https://www.bls.gov/news.release/cpi.nr0.htm

- Figure 1: Transmission competition delivers results: Dispelling common myths.
- Figure 2: Lists actual transmission projects that were competitive, the substantial cost reductions and completed on time.
- Figure 3: Lists transmission projects that were not competitive. Note the significant cost overruns and untimely completion of the project.

According to Edison Electric Institute, investor-owned electric utilities spent $246 billion on transmission from 2017 to 2025 and will spend another $86.1 billion in 2026 and 2027.[4] All of these capital expenditures receive generous transmission incentives that result in ROEs that are often in the 10-13 percent range which are passed onto ratepayers. It is important to note that the $86.1 billion will actually cost the ratepayer as much as seven times more, or over $600 billion over the 40 years life of the project after financing and maintenance costs are added. Therefore, the policy decisions made today will impact ratepayers for decades to come.

In PJM, our largest RTO, transmission costs have increased from 6.8 percent to 32 percent of the wholesale price from 2014 to 2024. A 470 percent increase in a time when demand was essentially flat. PJM, MISO, and SPP consumers have long been advocating for more reforms on cost overruns for long-range projects.[5]

According to a new report from Powerlines[6] electric and gas utilities sought nearly $31 billion in rate increases last year. More than double what companies requested in 2024 and the largest in history. Transmission costs are a major contributor to those increases.

It is time for FERC to stop protecting monopoly utilities and start protecting ratepayers.

Sincerely,

Paul N. Cicio
President & CEO
Industrial Energy Consumers of America
pcicio@ieca-us.org
703-216-7402

[4] Edison Electric Institute Business Analytics Groups
[5] Stakeholders Suggest Cost Overruns Ubiquitous as MISO Reviews Long-range Tx Project, RTO Insider, https://www.rtoinsider.com/123977-stakeholders-suggest-cost-overruns-ubiquitous-miso-reviews-lrtp/
[6] https://powerlines.org/wp-content/uploads/2026/01/0126_PowerLines_Rising-Utility-Bills-Q4-Update-FINAL.pdf

FIGURE 1

Competitive Bidding of New Transmission Projects Deliver Results: Dispelling Common Misconceptions

At a historic time when massive amounts of capital and megaprojects must be constructed on accelerated timeframes, the open market will provide the best solutions for timely, reliable, cost-effective grid buildout

Myth #1: *Competition prolongs both the transmission planning process and development without clearly delivering cost savings or more innovative delivery.*

Reality Check: **Well-designed competitive bidding processes deliver timely, reliable and lower cost infrastructure.**

- Recent RTO/ISO solicitations in SPP and CAISO show competition has not delayed delivery.
- Incumbent utility reports to the contrary, there is no evidence that incumbent utilities can move Order 1000-bid greenfield projects any faster than competitive developers.
    - Example: A project that was not competitively bid: In Nebraska, the "R-Plan" 345kV project has yet to be complete, projected energization at the end of 2027, despite being approved in 2013 – a 14-year lead time. Conversely, the competitively bid Wolf Creek – Blackberry 345kV and Minco – Pleasant Valley – Draper 345kV projects were approved in 2021 and 2022, respectively and energized in 2025—4- and 3-year lead times, respectively.
- Transmission planning and project scoping take time with or without competitive processes. Robust planning and scoping processes, like those used in competitive processes, reduce in-service delays.
- Competition increases schedule accountability whereas bidders often offer firm schedule guarantees with financial penalties which accelerates completion. Incumbent utilities face fewer on-time performance incentives.
    - In 2024, SPP directly assigned $3.2 B of projects to incumbents due to "short term reliability need" thus skipping the competitive process. The project cost overruns are **over $2.2 B** with the final costs post-energization still likely higher. The cost overrun also only reflects capital construction costs and when factoring in 40-year present value revenue requirement, the cost implication for consumers is even higher. None of the projects included deadline guarantees for start-up.

    - The MISO RIKY, CAISO Humboldt (x2), and SPP Matthewson-Redbud, Lynch-Medanos, and Potter-Beckham projects, all of which were competitively awarded in 2025, included schedule commitments.
- Competition increases project timeline transparency.
    - In the above mentioned SPP directly assigned projects, the timeline for the incumbent to commit to the project and provide a final estimated cost was largely undefined while competitive processes have rigid timeframes and requirements. Competitive bids could have been run in the timeframes that it took for the incumbents to commit to the projects.

Myth #2: *Competitive bidding for transmission has not produced meaningful consumer benefits.*

Reality Check: **In regions where competitive transmission bidding is allowed, the results speak from themselves.**

- RTO/ISO data shows 20–30% lower costs from competitive bids. The mere existence of a competitive bidding process provides the incentive for the incumbent utility to sharpen their pencils on costs and think differently. Alternative tower materials, conductor options, and schedule mitigations can only be challenged for robustness and appropriateness through the competitive process.
- It is a fundamental economic principle that competition lowers costs for customers.
- Local utility experience can't overcome the inherent financial incentive to inflate costs to increase profits. Without competition there is no incentive to reduce costs.
- If an incumbent utility is the best suited to build a given line, they should have no trouble winning in an open, fair bidding process.

Myth #3: *Cost caps are illusory, allowing competitive developers to recover costs exceeding their initial winning bid from customers, while the regulated business model keeps customer costs in check.*

Reality Check: **Competition tends to bring more rigorous cost control.**

- Competitive developers bear the burden of proving cost recovery beyond agreed caps; incumbent utilities face few penalties for cost overruns under cost-plus regulation. Risks and costs that are passed onto the ratepayer.
- Even partial cost caps offer stronger consumer protection than incumbent utility projects without any cost containment.
- Incumbent utilities regularly recover overruns with limited FERC and state scrutiny.
- Local utility experience can't overcome the inherent financial incentive that utilities have to inflate costs to increase profits.

Myth #4: *Only RTO/ISO central planners and incumbents can identify the optimal transmission mix.*

Reality Check: **Competitive developers create cross-market solutions that maximize value for ratepayers.**

- Competitive developers evaluate opportunities across RTO/ISO and utility boundaries, while incumbent utilities—limited by their territorial constraints—typically focus on their

retail footprint.Without legacy bias, competition yields more objective and innovative solutions as incumbents are constrained by impacts on their existing business model.
- Diversity of thought is one of the strongest benefits of Order 1000, bringing different ideas from all interested parties, which further strengthens the regulatory backing demonstrating deep due diligence to truly select the best idea.

Myth #5: *Project competition isn't needed because incumbent utilities have local expertise and will competitively bid project components.*

Reality Check: **Competition delivers the greatest innovation, cost savings, and speed. Outcomes that direct assignments cannot match.**

- Local expertise rarely improves cost accuracy or feasibility.
- Incumbent-led project selection often prioritizes self-interest over RTO-wide benefits.
- Component-level bidding is no substitute for full project competition. Sub-bidding project components like engineering construction does not lead to cost savings in the overall cost, reductions in ROE returns, schedule incentives, etc.
- Developers in all regions but CAISO must be pre-qualified as capable to design, construct, and maintain transmission projects before competitively bidding.
- All Order 1000 solicitation processes consider project sponsor expertise, experience, and future potential for project execution. If a bidding entity is less qualified, then the competitive process will demonstrate the skillset gap.

FIGURE 2

FERC Order 1000 Competitive Transmission Projects 2021 - 2025 Cost Overrun Protections & Schedule Guarantees Common								
Bid Year	**Region**	**Project**	**Lowest Bid Cost ($MM)**	**Highest Bid Cost ($MM)**	**Cost Range ($MM Savings)**	**Lowest Bid Savings From Highest Bid**	**Cost Containment Offered on Winning Bid**	**Schedule Guarantee Offered on Winning Bid**
2021	SPP	Minco - Pleasant Valley 345 kV	$55	$97	$42	43%	Yes	Yes
2022	SPP	Wolfcreek - Blackberry 345 kV	$85	$151	$66	44%	Yes	Yes
2023	SPP	Crossroads - Hobbs - Roadrunner 345 kV	$220	$292	$72	25%	Yes	Yes
2024	SPP	Mathewson - Redbud 345 kV	$72	$84	$12	14%	Yes	Yes
2025	SPP	Lynch - Medanos 115 kV	$21	$36	$15	42%	Yes	Yes
2025	SPP	Beckham County - Potter 345 kV	$222	$225	$3	1%	Yes	Yes
2022	PJM	2022 Multi Driver Window	$2	$127	$126	99%	No	No
2023	PJM	2022 Window 3 West Cluster	$684	$2,395	$1,711	71%	Yes	Yes
2023	PJM	2022 Window 3 East Cluster	$495	$5,381	$4,886	91%	Yes	No
2023	PJM	2022 Window 3 South Cluster	$628	$1,226	$598	49%	Yes	No
2024	PJM	2024 RTEP Virginia Cluster	$2,260	$5,500	$3,240	59%	Yes	No
2024	PJM	2024 RTEP Ohio Cluster	$202	$455	$253	56%	Yes	No
2025	PJM	2025 RTEP Pennsylvania PPL zone	$415	$1,136	$721	63%	Yes	No
2020	MISO	Hiple to IN/MI State Border 345 kV	$77	$125	$48	38%	Yes	Yes
2022	MISO	Fairport to Denny to IA/MO State Border 345 kV	$84	$154	$70	45%	Yes	Yes

2023	MISO	Denny–Zachary–Thomas Hill–Maywood 345 kV	$265	$486	$221	45%	Yes	Yes
2025	MISO	Reid EHV to IN/KY State Border 345 kV	$78	$104	$26	25%	Yes	Yes
2022	CAISO[(1)]	Collinsville Substation	$270	$575	$305	53%	Yes	Yes
2022	CAISO[(1)]	Manning Substation	$175	$405	$230	57%	Yes	Yes
2022	CAISO[(1)]	Newark-NRS HVDC	$900	$418[(1)]	#N/A	#N/A	Yes	Yes
2022	CAISO[(1)]	Metcalf - San Jose B HVDC	$1,000	$570[(1)]	#N/A	#N/A	Yes	Yes
2023	CAISO[(1)]	North Gila - Imperial Valley 500kV T-Line	$256	$340	$84	25%	Yes	Yes
2023	CAISO[(1)]	Imperial Valley - North of SONGS 500kV T-line/Sub	$1,004	$2,228	$1,224	55%	Yes	No
2023	CAISO[(1)]	North of SONGS - Serrano 500kV T-Line	$292	$503	$211	42%	Yes	No
2024	CAISO[(1)]	Humboldt - Collinsville 500kV T-Line/Sub	$1,165	$2,300	$1,135	49%	Yes	Yes
2024	CAISO[(1)]	Humboldt - Fern Road 500kV T-Line	$684	$1,200	$516	43%	Yes	Yes

1) CAISO does not publish full list of all bid cost. Low bid is typically selected and CAISO cost estimate is used as high bid for reference.
2) Bids do not include any Public Policy or State Goals driven Transmission RFPs (e.g., Offshore Wind Transmission)
3) ISO-NE and NYISO have not facilitated a competitive transmission RFP in the last five years, excluding offshore wind transmission.
4) ERCOT does not facilitate competitive transmission RFPs.
5) All information contained here is based on publicly available information on each respective RTO/ISO website.

FIGURE 3

Major Direct Assigned Transmission Projects; Non-competitive No Cost Overrun Protections or Schedule Guarantees					
Project Year Start	**Region**	**Project**	**Initial CapEx ($MM)**	**Latest CapEx ($MM)**	**Cost Increase %**
2013	SPP	Multi - Gentleman - Cherry Co. - Holt Co. 345 kV	$373	$463	24%
2020	SPP	Neosho - Riverton	$48	$73	52%
2025	SPP	Phantom - Crossroad - Potter 765 kV	$1,690	$3,620	114%
2007	PJM	Susquehanna - Roseland 500kV	$427	$621	45%
2012	PJM	Mars / Dulles Substation Project	$114	$290	154%
2016	PJM	Line #550 Mt Storm - Valley 500kV	$225	$476	112%
2016	PJM	Mt Vernon Substation and 230kV line extensions	$337	$527	56%
2018	PJM	East Towson Substation & loop in	$93	$276	197%
2023	PJM	Brandon Shores Deactivation Project	$739	$1,514	105%
2012	NYISO	Smart Path 345kV	$878	$920	5%
2011	MISO	Lakefield Jct - Winnebago - Winco - Burt Area - Webster 345 kV	$654	$692	6%
2011	MISO	Ottumwa - Zachary 345 kV	$186	$221	19%
2011	MISO	Zachary - Maywood 345 kV	$137	$172	26%
2011	MISO	Maywood - Herleman - Meredosia - Ipava & Meredosia - Austin 345 kV	$501	$723	44%
2011	MISO	Austin - Pana 345 kV	$115	$135	17%
2011	MISO	Pana - Faraday - Kansas - Sugar Creek 345 kV	$388	$408	5%
2011	MISO	Pleasant Prairie - Zion Energy Center 345 kV	$30	$36	20%

2014	MISO	Reynolds - Burr Oak - Hiple 345 kV	$322	$405	26%
2014	MISO	Reynolds - Greentown 765 kV	$299	$348	16%
2014	MISO	Morrison Ditch - Reynolds - Burr Oak - Leesburg - Hiple 345 kV	$310	$675	118%
2022	MISO	Iron Range - Benton County - Big Oaks 345 kV	$118	$169	43%
2002	ISO-NE	Southwest CT / Middletown-Norwalk	$690	$1,415	105%
2002	ISO-NE	Norwalk Reliability	$128	$234	83%
2008	ISO-NE	NEEWS Greater Springfield Reliability Project	$350	$759	117%
2008	ISO-NE	NEEWS Rhode Island Reliability	$150	$315	110%
2008	ISO-NE	NEEWS Interstate Reliability	$400	$542	36%
2013	ISO-NE	Mystic to Woburn 115kV	$70	$260	271%
2014	ISO-NE	Stoughton Cable Project	$213	$317	49%
2006	CAISO	Sunrise Powerlink Transmission Line	$1,200	$1,900	58%
2007	CAISO	Tehachapi Renewable Transmission Project	$1,500	$3,062	104%
2014	CAISO	Devers - Colorado River 500kV Transmission Line	$545	$775	42%
1) All information contained here is based on publicly available information on each respective RTO/ISO website.					