



Electricity Transmission Competition Coalition

September 10, 2024

The Honorable Jeff Duncan
Chairman
Subcommittee on Energy, Climate, & Grid
Security
U.S. House of Representatives
Washington, DC 20515

The Honorable Diana DeGette
Ranking Member
Subcommittee on Energy, Climate, & Grid
Security
U.S. House of Representatives
Washington, DC 20515

Re: Comments for the Record for Hearing on “From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda”

Dear Chairman Duncan and Ranking Member DeGette:

Consumers face electricity price inflation because of escalating transmission costs. FERC is at fault for not enforcing Order 1000, a decades old regulation that was found to be in the public interest and was supposed to usher in an era where regionally planned transmission projects would face competition to drive down costs. Instead, a decade later, less than three percent of transmission projects face competition. Without competition, monopoly electric utilities do not have an incentive to reduce the cost of building new transmission lines. Transmission projects that have been competitively bid have saved consumers as much as 40 percent.

As a result, electricity prices are at record highs. This summer we saw average electricity bills soar to new records, according to the Energy Information Administration, despite some of the lowest generation costs in a decade.

In July, electricity price inflation rose on an annual basis by 4.9 percent, well in excess of comparable rises in the average American grocery bill of 1.1 percent, as measured by the Consumer Price Index (CPI). Electricity price inflation continued to exceed the broader CPI, which increased by 2.9 percent on an annual basis. Electricity price inflation has routinely been more than the CPI and other key commodities.

Transmission spending by electric utilities is very lucrative – receiving a guaranteed 10-12 percent ROE for 40 years or more which saddles homeowners, farmers, and businesses

with high electricity costs for decades. Utilities are opposing competition to protect their profits.

FERC Order 1920, the Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, did not help. Instead, FERC created a “Right-Sizing” right of first refusal (ROFR) that allows the incumbent utilities to build transmission lines without facing competition.

Please see attached fact sheet on “Why U.S. Electricity Price Inflation is Soaring” for more information.

Sincerely,

Paul Cicio

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Chair

Enclosures

cc: House Committee on Energy and Commerce

ETCC represents a diverse group of 95 companies and organizations from all 50 states that all advocate for increased transmission competition.

FACTCHECK

Why U.S. Electricity Price Inflation is Soaring



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Electricity prices are high because of a lack of transmission competition.

America is experiencing high and accelerating electricity prices despite low electricity generation costs, and flat demand because transmission rates are climbing, and policy set by the Federal Energy Regulatory Commission is to blame.

Electricity transmission competition leads to lower costs for consumers. Competitively bid transmission projects save as much as 40%; those savings are passed on to consumers in the form of lower monthly electricity bills. Without competition, incumbent monopoly utilities are charging more for projects and then passing those costs on to consumers in the form of higher prices and FERC policy is letting them do it. Transmission spending by electric utilities is very lucrative – receiving a guaranteed 10-12% ROE for 40 years or more.

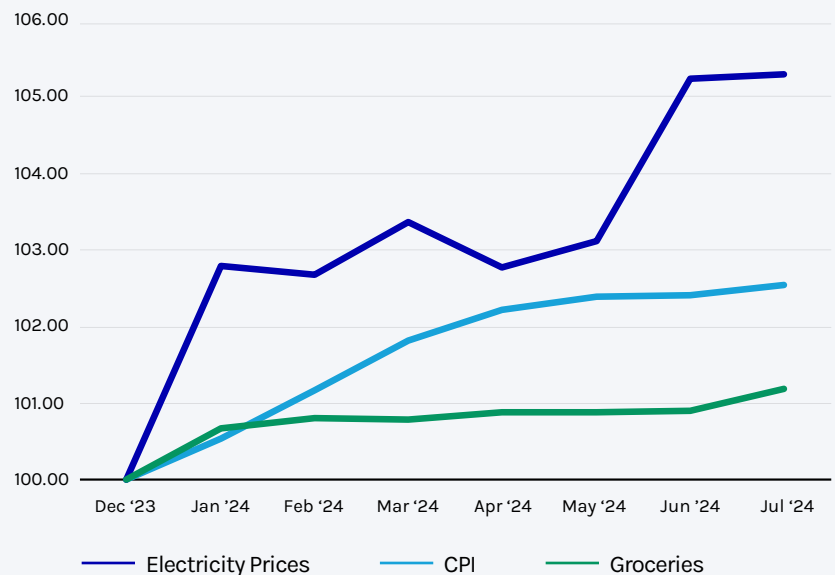
Prices are at record highs

Electricity prices are at record highs as persistent electricity price inflation continues to pressure consumers in their monthly utility bills. This summer saw average electricity bills soar to new records at \$173 per month according to the [Energy Information Administration](#).

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Fig.1

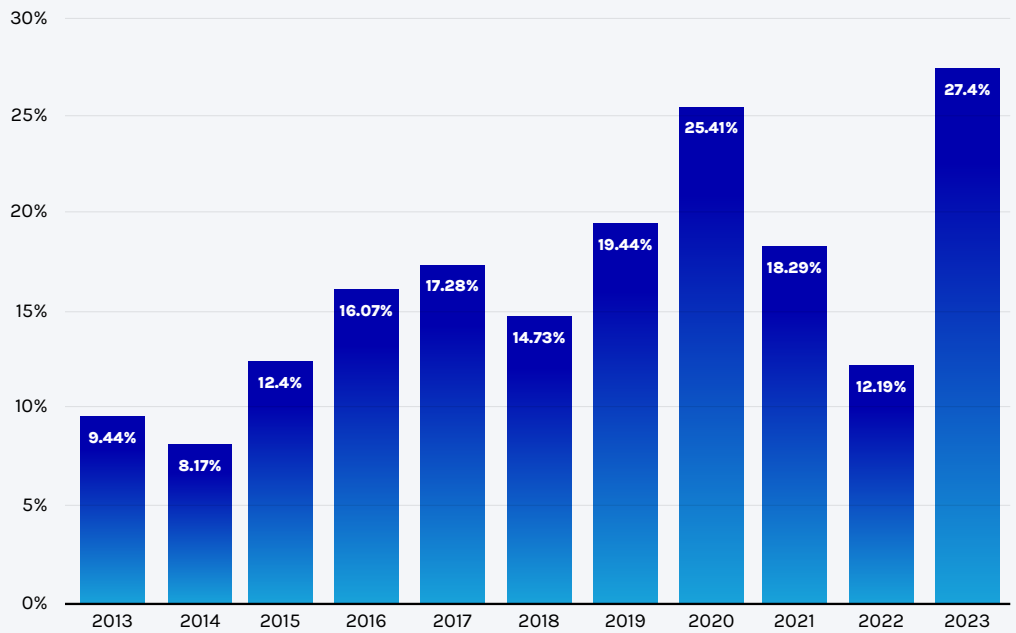
Indexed electricity price inflation exceeds the CPI and increases to American's grocery bills



The percentage of the electricity price composed by transmission in the PJM RTO rose from 9% to 27% between 2013 and 2023.

Fig. 2

Transmission as percentage of Overall PJM Wholesale Cost



FERC's Failure

In 2011, FERC issued Order 1000 requiring new regionally planned transmission projects be competitively bid - they then failed to enforce it leading to only 3% of new projects being subject to competition. The electricity utility market is a natural monopoly market; without competitive bidding on new transmission projects, there is no incentive for them to reduce costs.

FERC's recent Order 1920 included a loophole in the form of a Right-Sizing Right of First Refusal provision. A Right of First Refusal law gives incumbent utilities the power to block competition on new transmission lines.

The lack of competition has meant that prices have risen for consumers as monopoly incumbent utilities charge more for transmission without facing competitive pressure to lower prices.



A Bipartisan Solution

Electricity transmission competition will lead to lower electricity prices for consumers; FERC must wholly endorse competitive bidding for new transmission projects and excise the ROFR loophole in Order 1920.

Electricity transmission competition leads to lower costs for consumers.

Competitive bidding of transmission projects leads to greater accountability and can include cost caps, lower ROEs, financial penalties for not meeting project deadlines, oversight, and legal recourse for RTOs.

Transmission competition has been endorsed by the DOJ under both President Biden and President Trump and has bipartisan Congressional support.



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To learn more, visit
ETCCoalition.org