Transmission Competition Delivers Results: Dispelling Common Myths

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	REALITY CHECK	KEY INSIGHTS
Putting transmission projects out to bid slows down progress needed to meet the AI challenge	**Well-designed competitive bidding delivers timely, reliable, and lower-cost infrastructure**	• Recent SPP and CAISO projects show competition does not delay delivery.[1] • Bidders often offer firm schedule guarantees with financial penalties, accelerating completion.[1] • Competition increases accountability — incumbents face fewer on-time performance incentives.
Competitive bidding for transmission has not produced meaningful consumer benefits	**Experience shows competition delivers measurable cost savings and innovation**	• RTO/ISO data shows 20–30% lower costs from competitive bids.[2] • Competition pressures incumbents to improve efficiency and reduce costs. • Competitive projects often feature optimized designs over traditional builds.
Cost caps are illusory, while the regulated business model keeps customer costs in check	**Competition tends to bring more rigorous cost control**	• Competitive developers bear the burden of proving cost recovery beyond agreed caps.[3] • Even partial cost caps offer stronger consumer protection than non-competitive builds. • Incumbents often recover overruns with limited scrutiny. • Local utility experience can't overcome the inherent financial incentive that utilities have to inflate costs to increase profits.
Only RTO/ISO central planners can identify the optimal transmission mix	**Competitive developers create cross-market solutions that maximize value for ratepayers**	• Competitive developers evaluate opportunities across RTO/ISO and utility boundaries, while incumbents focus on their own footprint.[4] • They leverage advanced modeling to identify high-value, system-wide solutions. • Without legacy bias, competition yields more objective and innovative outcomes.
Project competition isn't needed because incumbents have local expertise and will competitively bid project components	**True competition for projects 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 competition.

Footnotes:

1. SPP's Wolf Creek–Blackberry 345 kV competitive project was energized 6 months ahead of target at ~27% lower cost than SPP's estimate (SPP TOSP data, Utility Dive 2022). CAISO competitive solicitations lower ratepayer costs and decrease delays (CA Public Advocates Office 2023).
2. Brattle Group (2021): Competitive bids were 20–30% below reference costs. CAISO (2013–2019) recorded ~29% average capital cost reductions in competitive projects.
3. Brattle Group (2018): Competitive bids include explicit cost caps; incumbents typically recover overruns under prudence presumption. SPP Competitive NTC binds developers to cost and schedule terms.
4. Competitive developers model multi-market value streams and cross-boundary benefits (Brattle 2021). MISO and SPP competitive processes encourage cross-territory, high-value transmission solutions.

Source: Brattle Group, SPP, MISO, CAISO, Utility Dive, CA Public Advocates Office (2018–2023)