

United States Senate

WASHINGTON, DC 20510

August 7, 2020

The Honorable Neil Chatterjee
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: RM20-10, Electric Transmission Incentives Policy

Dear Chairman Chatterjee:

As the Commission finalizes new policies for electric transmission incentives, we urge you to incorporate performance-based incentives that promote the use of smart grid technologies that improve the capacity and efficiency of the existing transmission grid. While some additional transmission infrastructure will be required to support the transition to a clean energy economy, in many cases there are more cost-effective technologies that can be deployed quickly to improve grid operation. We believe the final rule should provide targeted incentives for deployment of advanced grid-enhancing technologies that improve operations and lower costs for consumers.

According to DOE, the U.S. currently lags behind a number of countries in the deployment of advanced transmission technologies in large part because of differences in regulatory environments. Grid-enhancing technologies often cost a fraction of a transmission expansion, but are not being deployed because our current policies do not provide the same incentive for these new technologies as they do for more conventional options.

In the Energy Policy Act of 2005, Congress enacted section 219 of the Federal Power Act, which directs FERC to implement transmission rates that improve reliability and reduce the cost of power. Sec. 219(b)(3) explicitly requires the Commission to “encourage deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the facilities.”

We strongly believe FERC’s transmission policies must ensure that the full range of non-wires options are fairly considered as part of all proposed upgrades in transmission capacity. Among these options are commercial smart-grid technologies that can deliver more power over existing lines or reduce transmission congestion, including power flow control, dynamic line ratings, storage-as-transmission and topology optimization.

Though grid-enhancing technologies are readily available and can improve operation of the existing grid, the commission’s current transmission incentives policies do not encourage their deployment. Moreover, conventional incentives based on Return-on-Equity combined with high benefit-cost thresholds are not likely to accomplish the Commission’s statutory obligation to encourage deployment of smart grid technologies.

We respectfully urge the Commission to incorporate in the final rule specific performance-based transmission incentive policies for transmission owners and operators that properly value the operational benefits advanced transmission technologies provide consumers.

Sincerely,

/s/ Martin Heinrich
MARTIN HEINRICH
United States Senator

/s/ Sheldon Whitehouse
SHELDON WHITEHOUSE
United States Senator

/s/ Angus S. King, Jr.
ANGUS S. KING, JR.
United States Senator

/s/ Joe Manchin III
JOE MANCHIN III
United States Senator

/s/ Tina Smith
TINA SMITH
United States Senator

/s/ Chris J. Van Hollen Jr.
CHRIS J. VAN HOLLEN JR.
United States Senator

/s/ Ron Wyden
RON WYDEN
United States Senator

/s/ Dianne Feinstein
DIANNE FEINSTEIN
United States Senator

/s/ Margaret Wood Hassan
MARGARET WOOD HASSAN
United States Senator

/s/ Bernard Sanders
BERNARD SANDERS
United States Senator

/s/ Michael F. Bennet
MICHAEL F. BENNET
United States Senator

/s/ Edward J. Markey
EDWARD J. MARKEY
United States Senator

/s/ Jeanne Shaheen
JEANNE SHAHEEN
United States Senator