

The Integrated Local, Regional, and Interregional Transmission Planning Act

The Integrated Local, Regional, and Interregional Transmission Planning Act amends the Federal Power Act to require the Federal Energy Regulatory Commission (FERC) to build on FERC Order 1920 by requiring transmission planning regions to integrate and improve their planning processes for interregional, regional, and certain local transmission facilities, the latter being those which could be useful, if replaced, for regional or interregional transmission.

Building on Order 1920:

FERC Order 1920 requires transmission providers to: conduct and update long-term transmission planning in anticipation of future needs; consider a broad set of benefits when allocating the costs of new facilities; identify opportunities to modify in-kind replacement of existing transmission facilities to increase their transfer capability, known as “right-sizing;” and require customers to pay only for projects from which they benefit. It also expands states’ pivotal role in the planning, selecting, and determining how to pay for transmission facilities.

The Integrated Local, Regional, and Interregional Transmission Planning Act builds on FERC Order 1920 by requiring FERC to issue a regulation that would require transmission planning regions (excluding ERCOT) to:

- Integrate interregional, regional, and covered local transmission planning processes;
- Advance transmission solutions that are more efficient or cost-effective in the long-term to replace the need for less efficient short-term solutions;
- Use scenarios of 20 years or more that include a range of factors, including State-approved integrated resource plans; Federal, Tribal, state and local requirements and policy goals; and trends in the costs of fuels, generation and electric storage;
- Account for transmission outages due to extreme weather events;
- Optimize the existing transmission system, including through grid-enhancing technologies;
- Establish cost allocation methodologies applicable to projects selected in their transmission plans, while allowing customers to be charged only for those facilities from which they benefit; and
- Develop joint plans with any neighboring RTOs and ISOs.

Joint transmission plans would be completed within 1 year of the issuance of FERC’s regulation and updated at least every 3 years. They would contain:

- Common assumptions regarding inputs, models, timelines, and other planning factors;
- A determination of the optimal interregional transfer capability between adjacent transmission planning regions; and
- Selection criteria that promote improved reliability, consumer protection, and the public interest.

FERC would review each joint transmission plan and initiate a proceeding to address any deficiencies. In the event of a dispute between transmission planning regions, the regions would submit to FERC their respective proposals for resolving the dispute and FERC would issue an order directing a resolution within 60 days. If a transmission planning region failed to submit a

plan, FERC could either grant the region a one-time extension of up to 180 days or require a firm date for completion of the plan, subject to a civil penalty.

A Focus on Local Transmission Facilities:

The Integrated Local, Regional, and Interregional Transmission Planning Act has a particular focus on local transmission facilities for two reasons. First, local transmission projects should be considered in regional and interregional planning because aging existing transmission lines can be upsized (for example, by rebuilding them to higher voltage levels) to create lower-cost new regional and interregional transmission capabilities. This is particularly valuable in the more heavily populated regions where new transmission lines are hard to build and little new right of way is available for them. While not every such refurbishment offers such attractive opportunities, many valuable upsizing opportunities may be missed because the transmission owners would prefer that the refurbishment not go through the regional planning process.

The second reason to integrate local, regional and interregional transmission planning is that such integration may yield important efficiencies at a time when the grid is under tremendous stress in much of the country. Transmission spending in the US has risen dramatically in the last 25 years.¹ Ninety percent² of this spending is justified on reliability needs with no benefit-cost analysis, and fully 50% occurs at the local level, outside of any regional planning process. In much of the country, local transmission spending, which now costs Americans over ten billion dollars per year, inhabits a "regulatory gap"³ – states are prohibited from objecting to the projects on economic grounds even as they are given a weighty presumption of prudence at the federal level. Moreover, in many states, expensive modifications to existing projects, which comprise many of these projects, may require no certificate of public convenience and necessity or permits. State and federal regulators of both parties from diverse states have complained loudly about being unable to see into the regulatory process or meaningfully police it.⁴

When transmitting utilities first address all the local needs without considering regional needs, these local transmission investments may foreclose better regional, and possibly interregional, projects. Similarly, if all the regional needs are addressed without considering interregional opportunities, the regional projects may foreclose projects that could more efficiently address regional needs and offer interregional capabilities.

¹ “Annual U.S. Transmission Investments 1996-2025.” Brattle Group analysis of FERC Form 1 Data and EEI “Historical and Projected Transmission Investment.”

<https://drive.google.com/file/d/1tZZifz2TdKk45ZvIgSBkjcqxfOFjmJa2/view>

² “Annual U.S. Transmission Investments 1996-2022.” Brattle Group analysis of FERC Form 1 Data; EEI “Historical and Projected Transmission Investment.” <https://www.brattle.com/wp-content/uploads/2023/07/Annual-US-Transmission-Investments-1996-2022.pdf>

³ Wayner, Claire, Chaz Teplin, Kaja Rebane. “Mind the Regulatory Gap – How to enhance local transmission oversight.” RMI. 2024. <https://rmi.org/resources/mind-the-regulatory-gap/>

⁴ Excerpts from “Fifth Meeting of the Joint Federal-State Task Force on Electric Transmission.” Federal Energy Regulatory Commission. November 15, 2022.

<https://drive.google.com/file/d/138VdkudffUYCJZg9VQbwWw6ayPWjfaG1/view>

The Integrated Local-Regional-Interregional Transmission Planning Act will make electricity more affordable, reliable, resilient and clean by helping to make best use of key local transmission facilities in the development of regional and interregional transmission.