

Energy Groups Press Regulators to Scrutinize Power Grid Costs

By Daniel Moore | March 6, 2024 4:44PM ET

US energy regulators should adopt a cost containment strategy in an upcoming final rule to protect consumers from shouldering undue costs of building out the US power grid, a group of public power utilities, industrial energy consumers, and renewable and transmission developers said Wednesday.

The Federal Energy Regulatory Commission should require transmission providers to be ready to “pivot” if electric transmission costs spiral upward or if the cost-benefit analysis of a line changes significantly, said Christina Hayes, executive director of Americans for a Clean Energy Grid (ACEG).

“It was important to us to have a proposal that struck a good balance,” allowing clean energy investments to move forward expeditiously while “catching outliers” where project costs rise out of control, Hayes said.

ACEG joined with the Large Public Power Council, the Clean Energy Buyers Association, the Electricity Consumers Resource Council, and the National Association of State Utility Consumer Advocates to submit a [proposal](#) for cost management protocols in its final [rulemaking](#) on regional transmission planning and cost allocation.

FERC [proposed](#) in April 2022 a sweeping rule to overhaul regional transmission planning, [seeking to require](#) such planning to consider at least 20-year impacts, including the changing power-and-demand mix and extreme weather events.

Power grid investments may reach [\\$2.4 trillion](#) by 2050 to connect more renewable energy, meet rising power demand, and keep the lights on during intensifying storms, heat waves, and cold snaps.

But the groups said Wednesday there’s a risk of cost escalation from the time a project is approved in a regional transmission plan, given the time it takes to obtain permits and as it confronts supply chain or inflationary pressures.

Cost concerns have also [worried](#) Commissioner Mark Christie (R), a potential swing-vote on the three-member commission controlled by Democrats. Unexpected cost increases have hampered [offshore wind](#) and advanced [nuclear projects](#) in recent months.

The proposal calls for FERC to require transmission providers to propose protocols providing for cost management, including reconsideration of a project’s approval in a regional plan when cost and benefit projections deviate substantially.

Grid planners should be required to submit periodic reports that show projects that exceed a threshold percentage—the groups suggest 25%—in terms of increases in costs or decreases in the benefit-cost ratio.

“This is a way for us to continue to have some touch points along the way to ensure that the cost-benefit ratio is still in consumers’ favor,” said Karen Onaran, president and CEO of the Electricity Consumers Resource Council, which represents large industrial consumers of electricity.

“There really is very little we can do once that project goes into construction,” Onaran said.

The groups said FERC has legal authority to pursue such a proposal and the record in the rulemaking docket—built over nearly two years—to support it.

“It still gives the opportunity for the project to continue,” said John Di Stasio, president of the [Large Public Power Council](#), whose 27 public power systems provide electricity to 30 million consumers nationwide. “But there’s at least some oversight, and you have to have some triggers to understand what should get further review.”

To contact the reporter on this story: Daniel Moore in Washington at dmoore1@bloombergindustry.com

To contact the editors responsible for this story: Zachary Sherwood at zsherwood@bloombergindustry.com; JoVona Taylor at jtaylor@bloombergindustry.com