

Report: Electric Transmission Can Save Customers Tens of Billions in the Transition to a Low Carbon Future

Grid planners are in position to save electricity customers \$47 billion annually by reforming transmission planning processes. This is according to a white paper issued June 6, 2016 by The Brattle Group on behalf of WIRES, the industry group that promotes investment in electric infrastructure.

The white paper, written independently by Brattle economists, is entitled, *“Well-Planned Electric Transmission Saves Customer Costs: Improved Transmission Planning Key to the Transition to a Carbon-Constrained Future”*

White Paper Summary Points:

- Improving the transmission grid will be critical for cost-effectively adapting to a shift in the U.S. generation mix from coal to natural gas and renewable resources.
- A more proactive and immediate approach to transmission planning is recommended regardless of whether the generation shift is driven by evolving energy markets, technological changes or the requirements envisioned in the Environmental Protection Agency’s Clean Power Plan (CPP) – regardless its final composition.
- As state and federal energy regulators and policymakers face the unprecedented challenge of guiding the industry through a rapidly evolving energy landscape, they should urge transmission planners to move beyond today’s traditional planning approaches focused primarily on reliability issues. Traditional planning processes seldom identify transmission solutions that can address long-term uncertainties and consider the broad range of customer benefits transmission provides.
- The electric utility industry should look to improve regional and interregional transmission planning processes by proactively “taking into account the uncertainties about future growth in energy use, fuel costs, technological changes, technology cost, shifts in supply and demand patterns, environmental regulations and other state, regional and federal policy goals.” There is no time to waste in anticipating future needs, argue the authors. WIRES supports the efforts of some RTOs – such as MISO, PJM and SPP – which are planning to look at what grid upgrades might be needed to comply with the Clean Power Plan or to keep up with the quickly changing generation mix.
- The white paper identifies a number of supporting studies that have shown that more “proactive” or “anticipatory” planning of the nation’s regional and interregional transmission grid would reduce U.S. customers’ overall electricity costs significantly. Such a forward-looking approach moves beyond customary 5-10 year planning horizons and the dominant – but limiting – focus on preserving reliability.
- In sum, the net savings associated with a proactive transmission planning and development process in the U.S. have been estimated to range from \$20–40 billion in total generation and transmission investment cost savings through 2030 under current regulations to \$47 billion in annual customer bill savings in a more environmentally-constrained energy future.

The white paper and other reports about planning and regulating electric transmission are available at www.wiresgroup.com or www.Brattle.com.

About WIRES

WIRES is an international non-profit trade association of investor-, publicly-, and cooperatively owned transmission providers, transmission customers, regional grid managers, and equipment and service companies. WIRES promotes investment in electric transmission and progressive state and federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. For more information, visit www.wiresgroup.com or contact Jim Hoecker at 202-378-2316.