



TRANSMISSION DELIVERS CLEAN ENERGY



The Nation's bounty of wind, solar, and geothermal resources, as well as coal where carbon can be sequestered, are typically remote from customers that need them

- Thousands of megawatts of untapped wind potential are located across the country. While Texas and California are now the leaders in installed wind capacity, at least 15 other states have wind potential that is as great or greater.
- Renewable electricity generation contributes to fuel diversity and reduces greenhouse gas emissions, providing key benefits to our economy, environment, and energy security.
- *But clean energy resources are location-constrained, often hundreds of miles from major load. Their potential will go unrealized without adequate delivery capability.*

Transmission investment is essential to realizing the benefits of these resources.

- Despite escalating demand for power, the transmission system is now under stress as a result of a quarter century of under-investment (investment levels declined by as much as 30%), which is only just now being reversed.
- The grid remains ill-equipped to answer the challenges of markets or to capitalize on opportunities offered by clean generation technologies. Congestion is blocking access to cleaner resources and adding to consumers' costs.
- Transmission, even at the much higher rates of investment required to capture and deliver these resources, will remain only a small portion retail electricity bills.

STATES CAN LEAD THE WAY TO A MORE SUSTAINABLE AND RENEWABLE FUTURE

Regional transmission planning leads to the most efficient multi-purpose investments

- Transmission to serve renewables is generally interstate and often interregional in nature. Federal and state policymakers must cooperate on behalf of consumers.
- Comprehensive regional planning should address both economic and reliability needs, take into account the location of generation, rely on well-defined and widely accepted criteria, and drive decisions according to predictable timelines...
- Good planning is open and transparent, providing for state and stakeholder participation.
- Planning must be forward-looking to anticipate and optimize use of renewable resources, and take into account public policies such as state renewable portfolio standards.
- High capacity trunk lines may be key to accessing remotes areas of renewable energy.

Regulatory certainty in cost allocation and cost recovery facilitates investment decisions

- States have begun to take positive steps to address transmission cost recovery for transmission that serves renewables, as in Texas, California, and Minnesota.
- Broad allocations of costs that recognize the integrated nature of the network and its overlapping purposes spread the cost burden and facilitate investment to support robust electricity markets.
- Incentive returns, Construction Work in Progress in (CWIP), and other financial incentives reduce risk and may be instrumental in promoting investment.

Siting and permitting processes must be thorough but responsive

- State siting processes that recognize the economic and environmental benefits to the region are critical to bringing transmission on line as renewable resources develop.
- Federal and state cooperation and/or multi-state coordination will ensure that the benefits from cost-effective regional transmission projects are shared equitably and sooner.