



WIRES: Voice of the Electric Transmission Industry

www.wiresgroup.com

Twitter: [@wiresgroup](https://twitter.com/wiresgroup)

FOR IMMEDIATE RELEASE
June 6, 2016

For further information, contact: Jim Hoecker
202-378-2316 / contact@wiresgroup.com

NEW REPORT: ELECTRIC TRANSMISSION CAN SAVE CUSTOMERS TENS OF BILLIONS IN THE TRANSITION TO A LOW CARBON FUTURE

White paper from The Brattle Group says transmission planning is key to unlocking as much as \$47 billion in annual customer electric bill savings amidst a rapidly changing generation landscape

WASHINGTON, DC – Reforming transmission planning processes to address the new challenges of the rapidly evolving energy generation mix could save electricity customers as much as \$47 billion annually. This is according to a white paper issued today by WIRES, the international industry group that promotes investment in electric infrastructure.

Written independently by economists at The Brattle Group, the white paper – entitled ***“Well-Planned Electric Transmission Saves Customer Costs: Improved Transmission Planning is Key to the Transition to a Carbon-Constrained Future”*** – addresses how 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. The more proactive approach to transmission planning encouraged in the white paper is recommended regardless of whether the generation shift is driven by evolving energy markets, technological changes or the requirements in the Environmental Protection Agency’s Clean Power Plan (CPP).

“There are important changes occurring in the electricity industry that are being driven by such forces as environmental regulation, market forces, and new technologies. To ensure that electricity is delivered to customers in the most cost-effective, reliable, and safe manner, high-voltage transmission needs to be considered as part of the solution to making this transition,” said **WIRES president Bob McKee, of American Transmission Company**. “Along these lines, WIRES supports the efforts of some RTOs – such as MISO, PJM and SPP – that are continuing planning efforts to look at

what upgrades to the grid might be needed to comply with the CPP and to keep up with the quickly changing generation mix.”

The paper recommends that, as state and federal energy regulators and policymakers face the unprecedented challenge of guiding the industry through the rapidly evolving energy landscape, they should urge transmission planners to move beyond today’s traditional planning approaches focused primarily on addressing reliability issues. The paper contends that traditional planning processes seldom identify transmission solutions that can address long-term uncertainties and consider the broad range of benefits transmission provides customers. The authors explain that the industry must improve regional and interregional transmission planning processes by proactively “tak[ing] 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.

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 \$30–70 billion of savings in total generation and transmission investment costs through 2030 for compliance with current regulations to \$47 billion/year of savings in annual customer bills under an even more environmentally-constrained future in which fossil generation is reduced further and a well-planned grid significantly reduces generation investment and operating costs.

“The positive case for modernizing, integrating and upgrading the high voltage system can and should be made by its planners, especially in organized markets,” explained **Jim Hoecker, WIRES Counsel and former FERC Chairman**. “But, old habits die hard. It’s easier to focus largely on reliability needs, or to limit planning to incremental grid additions, or to wait and see what transpires at the generation level of the system. What concerns me about inattention to future infrastructure needs is the inherent limitation it places on the influence of technological innovation, the trends – like electrified transportation – we will not be prepared for, and the low-cost resources we won’t be able to reach. Transmission investment is about preserving options and delivering value, long-term. This white paper makes clear that the failure to plan proactively could impose real costs on consumers and the economy.”

McKee added: “Our transmission planning processes should truly consider the bounds of plausible scenarios and look far enough out into the future, so that we’re identifying upgrades to ensure the grid is both flexible enough that we’re not forced into one path or

the other in terms of resource solutions and resilient enough that we're prepared for whatever the future throws at us. If the U.S. is too conservative and systematically restrictive in how we plan the transmission system, we're exposing electricity customers to risk."

About The Brattle Group

The Brattle Group analyzes complex economic, finance, and regulatory questions for corporations, law firms, and governments around the world. We are distinguished by the clarity of our insights and the credibility of our experts, which include leading international academics and industry specialists. For more information, please visit www.brattle.com.

The Brattle Group's white paper and other reports about planning and regulating electric transmission are available at www.wiresgroup.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.