May 20, 2024

The Honorable Joe Manchin
306 Hart Senate Office Building
Washington, D.C. 20510

The Honorable John Barrasso
307 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Manchin and Ranking Member Barrasso,

Thank you for holding this important hearing to examine the opportunities, risks, and challenges associated with growth in demand for electric power in the United States. Whether it is to supply electricity for data centers, new manufacturing, artificial intelligence, or electrification, the electric sector is facing unprecedented load growth. To meet this demand and to ensure reliable, affordable, clean power for customers across the country, we need to generate more energy - preferably domestically - and build out the necessary transmission to deliver it. Earlier this month, the Federal Energy Regulatory Commission (FERC) took a significant step in the right direction by issuing its landmark Order No. 1920 to work through some of the planning and payment issues; however, there are still planning and permitting issues that create enormous barriers to building transmission. ACP urges the Committee to pass comprehensive permitting reform to address reliability challenges and to help meet our future energy needs.

The U.S. Department of Energy (DOE) estimates we need to expand our transmission system 60% by 2030, make significant process improvements, and increase private sector investment to meet growing clean energy demands. The bad news is that, according to ACP's own 2023 Market Report, only 255 miles of high-voltage transmission were energized in 2023. To put that in context, developers are pursuing 10,000 miles through 2030. Unfortunately, long-haul transmission is rarely getting planned for under the current process, essentially ensuring that it will not get built. Further, while high-impact transmission lines, on average, take six and a half years to build, it can often take 10 years or more for them to get through the interstate permitting process. Our permitting system is simply broken. Without fixing it, we will not be able to meet future demand or ensure reliability of the grid, and we will miss the opportunity to unlock more than $3 trillion in clean energy investments over the next decade.

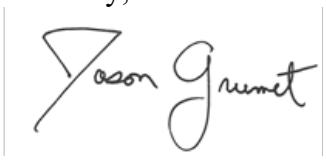
FERC has taken a significant step in the right direction, with Order No. 1920, to address regional transmission planning needs. However, it did not tackle the current substantial impediments to *interregional* transmission permitting or planning. Our fragmented grid makes it almost impossible to deliver power on an interregional basis. Enhancing the nation's energy independence, increasing reliability and resilience, and driving economic growth cannot occur without reforming the process for permitting and planning for high-impact interregional transmission lines that can carry large amounts of energy from one region to another.

First, we need to fix our broken interstate permitting system for transmission. The limited role that Congress granted the federal government in the Energy Policy Act of 2005, to ensure transmission in the national interest, has proven to be entirely ineffective. Unfortunately, not a single line has been permitted using this authority in the almost two decades that this "backstop" siting authority has been on the books. We must enhance the federal role for siting interstate transmission lines. This will streamline the permitting process, so that we can timely build out these lines to deliver large amounts of energy across our currently balkanized grid—from one state and region to another, improving reliability and helping meet growing demand.

Second, we need to tackle the convoluted approach for interregional transmission planning. FERC's 2011 rule on transmission planning and cost allocation, Order No. 1000, attempted to address both regional and interregional lines. While FERC created a relatively coherent process for regional lines in that rule, a decade of experience has proven its ineffectiveness for interregional lines. In fact, no significant interregional transmission project has been approved through the Order No. 1000-driven process. As FERC has not mandated the joint consideration of interregional projects and the multiple benefits these projects provide across regions, it is no wonder that these lines are almost never found to be more efficient or cost effective than regional alternatives—leaving them on the chopping table. This fact, combined with the numerous studies finding that such projects would often yield significant benefits over regional lines if built, demonstrate the need for a new approach. Congress should require FERC to issue a rule requiring planning regions to create a formal procedure with their neighboring regions for the identification and evaluation of *interregional* facilities and ensure these critical lines get built.

ACP appreciates the Committee's effort to work towards bipartisan permitting legislation. To that end, ACP urges the Committee to redouble efforts and continue this pursuit. Our national economic competitiveness and security demand that our processes for permitting and planning for interregional transmission evolve to meet current needs. The current process is not aligned with achieving the national interest that these lines serve. Failure to act on these reforms, as well as other permitting reforms detailed in the attached document, will hinder the clean energy industry's ability to meet the growing demand for power, while delivering affordable, reliable power to more American families across the country.

Sincerely,



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