



Electricity
Transmission
Competition
Coalition

November 14, 2022

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Avenue NW
Washington, DC 20500

Re: Consumers Nationwide Urge the Administration to Embrace Electricity Transmission Competition - a Proven Anti-Inflation Policy

Dear President Biden,

Fighting inflation remains a core focus of your administration. As a nationwide coalition of 86 companies and organizations that advocates for the electricity needs of consumers, we would like to highlight that electricity inflation is very high. In October, electricity CPI was 14.1%, placing a significant direct burden on households and businesses, and causing second order effects from higher water bills to tighter school budgets. Most of the inflationary pressures arise as a result of increased spending on electric transmission, something that will only increase with the energy transition this administration envisions. It is for this reason that we urge your administration to embrace an anti-inflation electricity policy that works every time: electricity transmission competition.

When electricity transmission projects are subject to competition, costs are reduced and innovation increases. Transmission competition was ushered in by the Federal Energy Regulatory Commission (FERC) under President Obama, but enforcement of those competition obligations began to erode under the last administration. Unfortunately, the FERC has issued a notice of proposed rulemaking (NOPR) on electricity transmission planning that not only backs away from competition policies set previously but also would directly conflict with your executive order on "[Promoting Competition in the American Economy](#)." It also conflicts with the opinion of the U.S. Department of Justice and the Federal Trade Commission who opposed the proposed NOPRs in jointly submitting comments to FERC, urging it to not only preserve competition but to expand transmission competition. As you said in your State of the Union address, "Capitalism without competition is exploitation."

Across the country, consumers are being exploited by incumbent monopoly utilities that have circumvented FERC Order 1000, which was supposed to usher in an era of transmission competition. Despite FERC's order, studies have shown that only about three percent of electric

transmission projects are currently competitively bid.¹ The FERC's NOPR would likely eliminate all competition, thereby increasing electricity prices and further eroding public support for the transition to cleaner energy.

Competition works every time. For example, Maine and New Jersey have both recently embraced electricity transmission competition, and ratepayers in those two states will save money as a result. In Maine, the decision by the Public Utilities Commission to support competition will save consumers over \$1 billion and help promote renewable energy development.² And the competitive bidding process in New Jersey will save ratepayers over \$900 million and connect offshore wind power projects with the rest of the state.³ These are real, tangible savings that will reduce the inflationary pressure from rising electricity prices.

Embracing electricity transmission competition holds the key to both unlocking America's energy potential and lowering long-term costs for households and businesses. According to Princeton University, the United States may need to spend as much as \$2.1 trillion by 2050 to build out the grid and achieve its climate goals.⁴ Electricity transmission competition has been shown to save as much as 40 percent in costs. If FERC rejects competition, they will be condemning the American consumer to \$840 billion in unnecessary spending. That's why electricity transmission competition enjoys bipartisan support as a solution to rising prices.⁵

Thank you in advance for protecting consumers from monopoly power and higher costs.

Sincerely,
Paul N. Cicio

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Chairman, Electricity Transmission Competition Coalition
<https://electricitytransmissioncompetitioncoalition.org/>

cc: The Honorable Jennifer Granholm
Federal Energy Regulatory Commission
Senate Committee on Energy and Natural Resources
House Committee on Energy and Commerce
The Honorable Brian Deese, Director, National Economic Council

¹ Brattle Group: Cost Savings Offered by Competition in Electric Transmission, https://www.brattle.com/wp-content/uploads/2021/05/16726_cost_savings_offered_by_competition_in_electric_transmission.pdf

² Maine Public Utilities Commission. "Commission Selects Winning Bids for Northern Maine Transmission Line and Renewable Energy Products." Maine PUC press release, October 26, 2022. <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=9382450&v=article088>

³ New Jersey Bureau of Public Utilities. "New Jersey Board of Public Utilities Selects Offshore Wind Transmission Projects." New Jersey BPU press release, October 26, 2022. <https://nj.gov/bpu/newsroom/2022/approved/20221026.html>

⁴ NET-ZERO AMERICA: Potential Pathways, Infrastructure, and Impacts, Princeton University, <https://netzeroamerica.princeton.edu/?explorer=year&state=national&table=2020&limit=200>

⁵ Senator Heinrich (D-NM) and Senator Lee (R-UT) Letter to FERC on Bipartisan Support for Transmission Competition, September 30, 2022, https://www.ieca-us.com/wp-content/uploads/2022.9.30-FINAL-Pro-Competition-Senate-ENR-letter-to-FERC_-Heinrich-Lee.pdf