

## **Review of Draft Green Transmission Bill**

### **General Scheme**

The bill directs the President to quickly (90 days for western interconnection, 9 months for eastern interconnection) designate areas as “National Renewable Energy Zones.” Each zone must be able to generate at least 1 gigawatt of renewable electricity at least 30% of the year, and a significant portion of this generation must come from rural areas or federal land (with numerous carve-outs of protected federal land). These zones are the sources for renewable energy.

Within one year a plan must be created for the eastern and western interconnections which enhance “transmission access for electricity from renewable energy in renewable energy zones.” This will be the Green Transmission Grid (“GTG”). New transmission lines within this grid are subject to Federal Energy Regulatory Commission (FERC) jurisdiction. Included are lines of 345 kV or higher and “feeder lines”. Inclusion of the transmission line in the GTG plan establishes its need. Siting is done in consultations with the states, but only if the state has participated in the creation of the GTG plan. A GTG line sited under this plan must accept generation from, and deliver load to each state it passes through. After the line is built, 75% of newly constructed generating resources interconnecting with the GTG line must be from renewable resources. However, there is no similar limitation on interconnection with non-renewable resources during the initial construction of the GTG line or subsequent interconnections with pre-existing generation at any time during the life of the GTG line.

#### Explicit Findings:

- A lack of adequate transmission capacity is a primary obstacle to the development of renewable resources.
- Renewable resources are largely “located in rural areas far from population centers.”

#### Implications:

- Offshore resources, wind, wave power, ocean thermal power, appear to gain no benefit from this law.
- Non-rural renewable resources gain no benefit from this law.
- All of the incentives and the NIETC program from the Energy Policy Act of 2005 remain in effect.
- Economic dispatch rather than least carbon dispatch will determine what electricity will be transported on these GTG lines.

### **Major Concerns**

Electricity is currently provided to load serving entities from the cheapest generation source first. This “economic dispatch” determines access to transmission lines. Under current pricing, all available coal generated electricity will be dispatched before going to the next most expensive source of generation. This bill does not provide that environmental impact be taken into account when dispatching electricity over GTG lines.

All solutions are land-based. Despite definitions that address off-shore resources, none can be included in a National Renewable Energy Zone.

The GTG planning process is the key to this proposal. If it is done well it could be a model for rational planning of the grid. The law directs that the process be “open, transparent [and] nondiscriminatory”. This is language that is familiar from the industry dominated PJM transmission planning process. Unless the law is implemented in a manner that actually encourages and incorporates views from outside the industry and pursues an integrated resource planning model, it will be a continuation of business as usual.

The GTG plan builds upon Regional Transmission Organization (RTO) planning, Department of Energy corridor designation and other entities with financial and institutional interests in continuation of the *status quo*. It could be an opportunity for incumbent utility interests to paint their long-planned projects green by dominating the planning process. This is of particular concern because once a line is included in the GTG plan there is no opportunity to question need.

Guaranteed access of existing generation to the GTG lines has the potential to allow these lines to be used to transport coal-generated electricity from existing plants in large quantities. One predictable result would be an increase in electricity from coal plants available to east coast markets. Requiring the GTG transmission provider to certify the renewable percentage of only new interconnections and grandfathering of all pre-existing generation seriously dilutes the percentage of renewable energy that these GTG lines will carry.

The law requires that FERC establish a requirement that “firm or equivalent financial transmission rights” be established to a load serving entity in proportion to its purchase of renewable energy. This appears to be an attempt to address the effect of economic dispatch filling transmission lines with the lowest cost generation available. However, the language of §234(j)(2) may have the perverse effect of creating a cap, rather than a floor, on the amount of renewable energy that will be available from these GTG lines

### **Some Suggested Solutions**

§232 (a)(1)(A) add “or waters” to the last line to include off-shore resources.

§233 (a)(3)(A) sets forth principles that the GTG plan process should build on. Add to it a new (iii) integrated resource planning. IRP may not be the exact or only principle that should be built on. This is the place where alternatives to the incumbents’ interests should be included.

§233 (b)(6)(C) requires that the GTG plan include: “alternatives to new transmission, including energy efficiency, demand response, energy storage, and distributed generation.” If the plan had a requirement of a threshold determination that these alternatives have been utilized to the greatest extent practicable, the bill would be better.

§234 (h)(1) requires interconnection to the GTG line in each state. Delete this provision or provide that interconnected generation must meet a minimum renewable standard. Likewise in §234 (i)(1) delete the section that permits interconnection with “resources constructed before the date of enactment of this subpart.” Permitting such open access to GTG lines undermines their purpose.