Unlocking a Clean Energy Future for All

To combat climate change and build a clean energy future for all, we must end our reliance on fossil fuel-burning generation and scale up (i) distributed and utility-scale renewable energy; (ii) complimentary resources like storage, energy efficiency, and demand response; and (iii) transmission and other supportive clean energy infrastructure. These are the pillars of a 100% clean electric grid, which serves as the cornerstone of an economy-wide clean energy transition. While we have made progress shifting our generation mix in the U.S., the pace and scale of development does not meet the climate-critical moment we are in. To keep our emissions reduction goals within reach, we must do more, faster. This requires investments and policies that support building clean energy infrastructure. It also requires developing such infrastructure **with** communities, not at their expense. Industries, governments and local stakeholders must create and protect permitting processes that build consensus and protect the most vulnerable. This is critical to ensure that our clean energy transition is just—centering on and supporting communities that have endured decades of fossil fuel pollution—and to build at the pace and scale necessary.

As we focus on implementing historic climate and clean energy investments in the Inflation Reduction Act (IRA), barriers remain to achieving 100% clean energy. Chief among them are challenges in connecting and moving clean energy across our electric grid. For example, we have more than a terawatt of renewable energy waiting to power our homes, businesses, and cars, but underfunded agencies and broken transmission planning, cost allocation, and interconnection processes stand in the way. "Building the good" first and foremost requires fixing such barriers.

The good news is that recent legislation and agency actions have laid the groundwork for the solution set we need, including: a long overdue infusion of resources into permitting agencies; community-centered legislation to ensure efficient and equitable permitting; expanded federal authority for transmission siting; massive investments in transmission expansion, and legislation to spur adequate grid planning. This is all on top of efforts underway to reform how we plan, pay for, and interconnect transmission infrastructure. We can and must build a clean energy future for all *without* continuing our dependence on fossil fuels or eroding environmental protections. Indeed, a climate solution that bolsters fossil fuels or harms communities is no solution at all.

Below are key components of the roadmap to unlocking a clean energy future for all. If the following measures are implemented adequately, they can lay a strong foundation for an equitable and speedy development of clean energy transmission infrastructure.

1. Funding efficient and effective environmental reviews

For years, federal permitting agencies have been understaffed and underfunded. An agency starved of resources cannot ensure adequate community engagement, alternatives analysis or environmental review more generally. The predictable result is project delays, opposition, and/or legal challenges.

The IRA includes **\$1 billion to support timely and effective environmental review across federal agencies.** This money will expedite permitting; lead to better, more equitable outcomes; and likely help avoid litigation.

• IRA, §§ 23001, 4003, 50301-03, 60402, 60116, 60505

2. <u>Strengthening community engagement and core environmental protections</u>

"Early engagement with potential local opponents can avoid extended delays or project cancellations."¹ This key finding from a recent MIT study examining why 53 large-scale clean energy projects were delayed or cancelled underscores the importance of robust upfront public engagement. Robust permitting processes focused on consensus-building development speeds up our transmission build out by avoiding confrontations with local stakeholders. To avoid delays, derisk projects and protect communities, we need to strengthen, not gut, the bedrock environmental protections of the National Environmental Policy Act that give communities a voice in the process. For that reason, the **Environmental Justice for All Act** is the permitting reform we need as we undertake a massive infrastructure buildout.

• Environmental Justice for All Act, H.R. 2021, §§2(b)(2), 9, 14(f-i), 17

3. Expanded federal backstop authority for siting interstate transmission

The Infrastructure Investment and Jobs Act (IIJA) strengthened federal interstate transmission siting authority by: (i) expanding the scope of the Department of Energy (DOE)'s National Interest Electricity Transmission Corridor (NIETC) designations; and (ii) expanding federal backstop authority to site interstate transmission in NIETCs. Now, the Federal Energy Regulatory Commission (FERC) can site interstate transmission facilities in NIETCs if a state either fails to act within a year after the NIETC designation and the date the application was filed *or denies a siting application*. (FERC can also exercise siting authority if a state lacks authority to approve the siting application or the interstate benefits achieved by the project, and if the applicant does not qualify to apply for a state permit). In addition, DOE must study current *and projected capacity constraints or* congestion, and it can designate NIETCs based on an expanded list of criteria, including contributing to energy security; enhancing the ability of facilities that generate or transmit firm or intermittent energy to connect to the electric grid; maximizing existing rights-of-way and avoiding or minimizing sensitive environmental areas and cultural heritage sites; and reducing electricity costs for consumers.

• IIJA § 40105

4. Funding and financing transmission

The IIJA and IRA provide significant funding and financing capacity for transmission development. Key provisions include:

• IIJA funding - \$2.5 billion for a DOE revolving fund program (the transmission facilitation program) to facilitate large-scale transmission development, including public-private partnerships where DOE can serve as

¹ Lawrence Susskind, Jungwoo Chun, Alexander Gant, Chelsea Hodgkins, Jessica Cohen, Sarah Lohmar, Sources of opposition to renewable energy projects in the United States, Energy Policy, Volume 165, 2022, https://doi.org/10.1016/j.enpol.2022.112922.

an "anchor-tenant" for new or upgraded transmission line and \$500 million to support state transmission planning.

- ➢ IIJA, §§ 40106, 09
- IRA funding \$2 billion for direct non-federal loans for transmission facilities designed by DOE as necessary in the national interest; \$760 million for grants to facilitate siting of high voltage interstate or offshore transmission lines or for economic development activities for communities impacted by covered transmission projects; and \$100 million for interregional and offshore wind transmission planning, modeling, and analysis.
 - ➢ IRA, §§ 50151-53
- DOE's Building a Better Grid Initiative agency effort to work with stakeholders to identify national transmission needs and support the buildout of long-distance, high voltage transmission facilities, including by enhancing transmission planning, deploying more than \$20 billion in federal financing, and coordinating with federal agencies to streamline permitting and designate corridors.

5. <u>Regulatory reform to address transmission planning, cost allocation and interconnection barriers</u>

As DOE recently noted, "[t]o alleviate the growing gridlock, transmission planning and interconnection processes need reform."² In the past year, FERC has initiated a series of rulemakings to do just that. Currently, FERC has **two rulemaking proceedings** underway to address the bottlenecks caused by current transmission planning and cost allocation processes and to revamp the generator interconnection process. In addition, FERC is expected to initiate a third rulemaking soon to overhaul the interregional transmission planning process.

• <u>Transmission planning and cost allocation, Docket No. ER21-17</u>: The U.S. will need to build at least twice as much high-voltage transmission lines to support a 100% clean electric grid. FERC's transmission planning rulemaking is poised to support this needed development by enacting several key reforms. First, FERC proposes that grid operators employ scenario-based modeling techniques to identify the transmission facilities that will meet the future energy needs and generation portfolio of the electricity grid as envisioned by their members states, utilities, and customers. Second, FERC would require grid operators to incorporate information from the generator interconnection queue to address transmission needs in areas shown to be desirable for new generator interconnections but lacking needed transmission infrastructure. Third, FERC's proposal would require transparent and fair project selection criteria that maximize benefits to consumers over time, and

² DOE Office of Policy, Queued Up But in Need of Transmission, <u>https://www.energy.gov/sites/default/files/2022-</u>04/Queued%20Up%E2%80%A6But%20in%20Need%20of%20Transmission.pdf.

would bring state actors to the negotiating table early and often to identify and resolve the cost allocation issues that have plagued many projects. Fourth, FERC encourages grid operators to use Grid Enhancing Technologies as alternatives to building high-voltage transmission lines when possible, a move that will save costs and speed up the interconnection process. Finally, FERC also proposes to require greater interregional coordination to identify and evaluate interregional transmission projects that would provide more efficient and cost-effective solutions to meet transmission needs in multiple regions.

Generator Interconnection Procedures, Docket No. RM22-14: Currently, more than 8,000 generator interconnection requests - most of which are from renewable generators – are pending across the country. That represents massive amounts of renewable generation waiting to connect to the transmission grid. FERC proposes a variety of reforms in this rulemaking proceeding to help relieve the queues. First, to prevent interconnection customers from manipulating their queue position due to high network upgrade costs, FERC proposes to study interconnection requests in clusters, rather than on an individual, first-come basis, allowing groups of interconnection customers to share both study and transmission facility upgrade costs. Second, to account for the changing technologies on today's grid and lower costs to customers with more efficient planning, FERC proposes to require transmission providers to offer Resource Solicitation Studies to account for the holistic benefits of diverse resource portfolios and allow the "co-location" of multiple small generators – which tend to be renewable energy sources – at a single point of interconnection. Finally, FERC proposes to replace the "reasonable efforts" standard with enforceable deadlines on grid operators to help ensure that they complete the requisite interconnection studies timely. If properly done, these reforms and others that will be considered in this rulemaking proceeding, in combination with FERC's transmission planning and cost allocation reforms, should help address the interconnection bottleneck that is preventing renewable generation from coming online.

We encourage FERC to act swiftly to finalize strong transmission planning and interconnection rules that will enable the low-cost, clean, and reliable energy grid that American businesses and consumers are demanding.

6. Legislation to spur grid reform

• <u>Connecting Hard-to-reach Areas with Renewably Generated Energy</u> (<u>CHARGE</u>) Act of 2022 (S.3879): Sens. Markey, Smith, Whitehouse, and Warren introduced legislation in March 2022 to address fundamental electricity grid reforms that would speed necessary energy and transmission development, while also prioritizing due process for frontline communities and consumer affordability. The legislation would require transmission planning reforms along the lines of those currently part of the draft FERC reforms regarding transparency of information and scenario-based planning that must meet public and utility clean energy policy goals. It is more stringent however, in requiring a holistic analysis of costs and benefits that account for severe weather scenarios, grid reliability and resiliency, decarbonization goals, customer costs, and avoidance of sensitive environmental areas and cultural heritage sites, and mandates that cost allocation methodologies account for these comprehensive, system-wide benefits. It would also require regions to ensure sufficient interregional transmission capacity to prevent large-scale or long-duration blackouts (such as extreme weather events like Winter Storm Uri). Notably, the CHARGE Act also requires FERC to form an Office of Transmission to coordinate regional transmission planning activities and establishes an advisory committee of diverse stakeholder representatives (including communities and consumers) to improve governance and stakeholder participation practices of grid operators and transmission planners.

• The Streamlining Interstate Transmission of Electricity (SITE) Act (S. 2651): Senators Whitehouse, Heinrich, and Hickenlooper introduced legislation in August 2021 that would establish new federal siting authority at FERC to remove some of the barriers to the construction of long range, high voltage transmission lines that cross multiple states and are necessary to enable the use of renewable resources, reduce congestion, or improve grid reliability. Under the proposed legislation, FERC would be given exclusive jurisdiction over the siting and permitting of such lines, though states would maintain their rights under other federal environmental laws such as the Clean Air Act and Clean Water Act. Although the legislation would require such lines to maximize the use of existing facility sites, it would also allow the exercise of eminent domain for lines approved by FERC under this authority, so long as such exercise is minimized and does not involve land owned by states or tribes. Pursuant to the legislation, FERC would be required to issue rules establishing a pre-filing consultation process between FERC and other relevant state and federal agencies and tribes and an accounting of how FERC will consider needs of communities impacted by such lines, including how such impacts would be mitigated or offset. Finally, the legislation would also require public notice, comment, and hearing opportunities, as well as tribal consent for such projects.