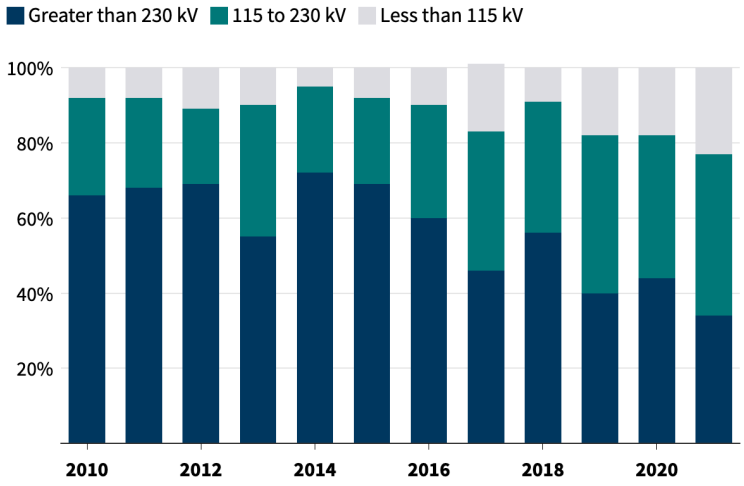
# Mind the Regulatory Gap:
## How to Enhance Local Transmission Oversight

**Local transmission spending is rising across the country, increasing costs for consumers and restricting the ability to proactively and efficiently plan for a grid of the future.**

In the coming years, the United States will need to substantially expand the capacity of its electric transmission grid to replace aging infrastructure, accommodate load growth, interconnect new generation, and ensure reliability and resilience.

However, while spending by US utilities on transmission has quadrupled over the past two decades, more and more of that spending has been directed toward lower-voltage **local projects** (planned to meet a single utility's needs) rather than higher-voltage **regional projects** (planned to meet the greater system's needs). This trend represents an inefficient way of planning for the grid of the future, raising costs for consumers.

**Share of Total US Transmission Spending by Voltage**

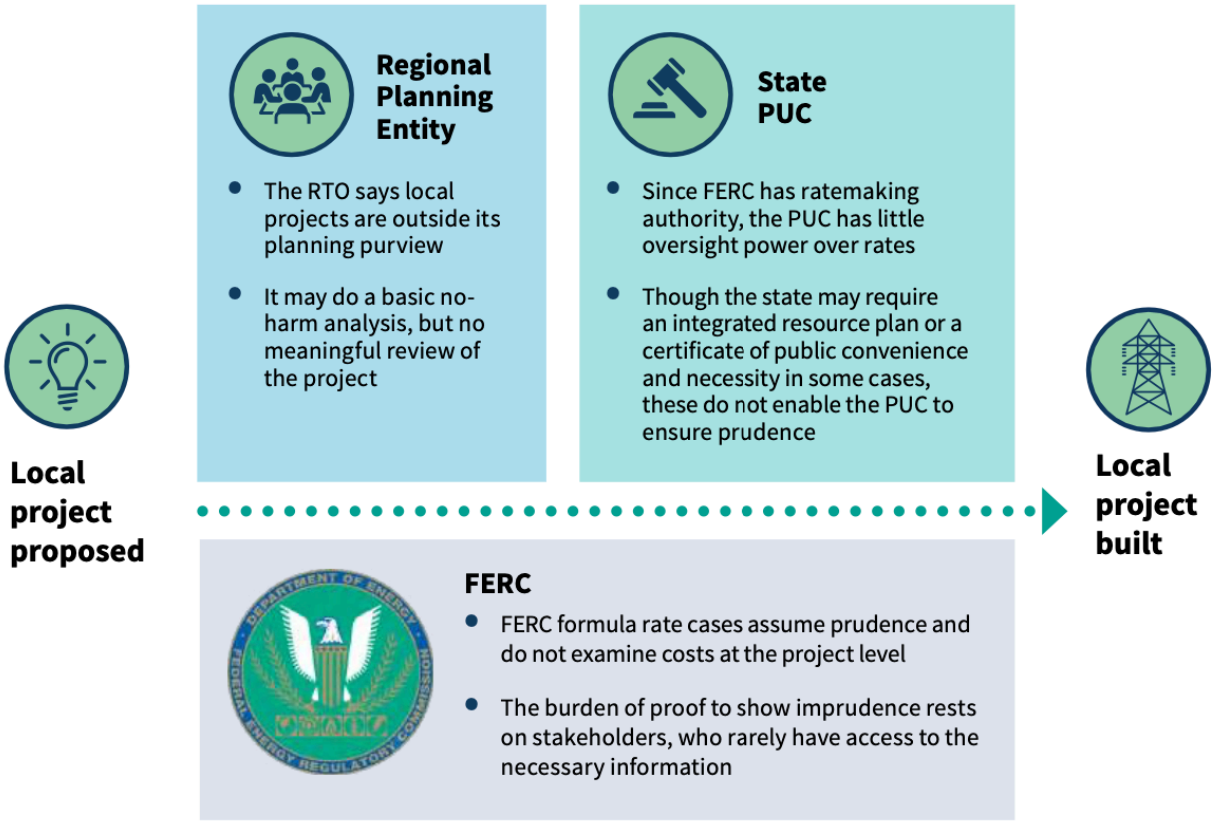



*The percent of spending on high-voltage (>230 kV) transmission assets in the United States has declined from 66% in 2010 to 34% in 2021.*

## Regional and National Evidence of the Shift of Spending to Local Projects

- Nationally, the Brattle Group found in 2023 that in recent years, 90% of recent transmission spending has been on lower-voltage reliability upgrades, with 50% of all spending going toward local projects.
- In the Mid-Atlantic (PJM), spending on local projects (i.e., Supplemental projects) increased from 9% of total spend from 2005 to 2013 to 73% of total spend from 2014 to 2021.
- In New England (ISO-NE), spending on local projects (i.e., asset condition projects) increased eightfold from 2016 to 2023.
- In the Midwest (MISO), local projects (i.e., Other projects) have increased from 54% of total spend in 2017 to 78% in 2022.
- In California (CAISO), 63% of projects from 2018 to 2022 were local (i.e., self-approved projects) and thus not eligible for state or regional review.

# A regulatory gap is enabling local transmission to get built without sufficient oversight at the regional, state, or federal levels




## Our report identifies 11 recommended reforms to close the gap

### Regional Reforms

- Implement regional-first planning
- Standardize local project definitions and tracking
- Strengthen state input and influence at the regional level

### Federal Reforms

- Reform the formula rate process
- Establish an Independent Transmission Monitor
- Explore performance-based regulation for transmission

### State Reforms

- Leverage and expand Certificate of Public Convenience and Necessity (CPCN) authority
- Offer expedited cost recovery for local projects that have undergone a robust regional review
- Update integrated resource plans (IRPs) to incorporate transmission
- Create and fully leverage electric transmission authorities
- Grow regulatory staff capacity and expertise

**For more information and to download the report, visit http://bit.ly/4hFlePY**

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