STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES & CARRIERS
89 Jefferson Boulevard, Warwick, Rhode Island 02888

REGULATORY TOPIC OVERVIEW

ELECTRIC TRANSMISSION

FEBRUARY 2024

The powerlines that we see everyday crisscrossing neighborhoods, roads and vistas are foundational to a modern and reliable electricity delivery system that we depend upon to continuously light up our homes and power our growing economy.

Not commonly understood is the division between federal and state authority over the economic regulation of powerlines. The larger "transmission" lines operate at high voltages (primarily at 115 kilovolts and 345 kilovolts); while the more prevalent low-voltage powerlines that appear along our local roads are termed "distribution" lines, since they distribute electricity to homes and businesses.

Approximately 9,000 miles of transmission lines traverse the six-state New England region and comprise the backbone of the power grid. The Independent System Operator of New England (ISO New England) functions like an air traffic controller in that it monitors, dispatches and directs the flow of electricity across the region's power grid 24 hours a day, 365 days a year. However, the transmission lines are not owned by ISO New England, but rather by various companies that build and maintain transmission facilities within their respective service territories (typically corresponding to state boundaries).

Unlike distribution lines, where effective regulation is carried out by the Public Utilities Commission and the Division of Public Utilities and Carriers by virtue of delegated statutory authority to investigate a local utility's decision to invest in new powerlines or facility upgrades, transmission lines are regulated at the federal level by the United States Federal Energy Regulatory Commission (FERC).

Since the inception of regional power markets and the creation of ISO New England, the region has invested in approximately $12 billion in transmission upgrades to ensure the reliability of the grid. An additional $1.5 billion for new reliability projects is expected to be needed between now and 2027. The robust level of spending for reliability projects has resulted in multiple rate increases for consumers over the last decade, with more rate increases expected in the coming years. Yet, as large as these figures may seem, they still do not include investments needed to simply repair, maintain or replace aging elements of the existing transmission system. These projects are referred to as "asset condition" projects.

The reliability transmission upgrades referenced above typically involve construction of new transmission facilities, which, in combination with existing transmission facilities, increase the capabilities of the grid but generally do not address the aging condition of existing facilities that are reaching the end of their useful lives. The repair, replacement and spending for asset condition projects continues to accelerate at a growing pace and is resulting in a separate wave of rate increases for electricity consumers across New England. Since 2017, asset condition projects have exceeded $3.4 billion, with an additional $4.3 billion in additional projects now proposed by New England's transmission companies between now and 2030. Spending on asset condition projects now far outpaces the spending on reliability upgrades.[1]

[1] Data from ISO New England's Regional System Plan, available at https://www.iso-ne.com/system-planning/system-plans-studies/rsp (see page 95).

According to ISO New England, asset condition projects, along with the reasonableness of the transmission operator's decision to proceed with a project (including the reasonableness of the underlying costs) do not fall under the purview of ISO New England. Rather, the prudence of any decision to invest, and the reasonableness of a project's costs, remain subject to the jurisdiction and responsibility of FERC, which historically had done very little to examine these questions on behalf of the consumers the agency is mandated to protect under the Federal Power Act.

Effective oversight of transmission costs in New England has been a top priority of the Division. Under Rhode Island law, the Division is the proper party to represent the state's consumers before federal agencies, including the FERC.[2] Consequently, the Division is working in concert with other consumer advocates and stakeholders across the New England states to advance process enhancements that will improve transparency as it relates to the purported need and cost justification for asset condition projects. Within Rhode Island, the Division has been engaging directly with Rhode Island Energy, which owns and controls the approximate 300 miles of high voltage transmission lines operating within the state. We are now in the process of requesting asset condition spending plans that include forward-looking forecasts of planned projects so that we can independently evaluate the pace, scale and cost of transmission upgrades. Our efforts to carefully scrutinize asset condition projects will help to ensure that any project not only comport with good utility and engineering practices, but also will ensure that projects are sufficiently "right sized" to accommodate decarbonized energy solutions that best advance Rhode Island's clean energy transition.

For more information, please contact Tom Kogut, Chief Information Officer, at (401) 780-2105.

[2] Rhode Island General Laws Section 39-1-29.