



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

**REGULATORY  
TOPIC  
OVERVIEW**

## **ELECTRIC TRANSMISSION**

**SEPTEMBER 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).

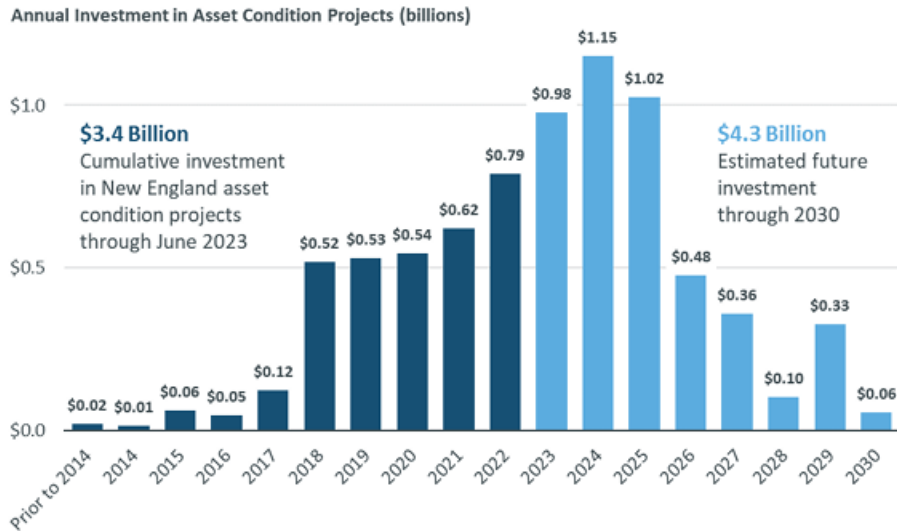
Unlike distribution lines, where effective regulation is carried out by the Public Utilities Commission and the Division of Public Utilities and Carriers by virtue of delegated statutory authority to investigate a local utility’s decision to invest in new powerlines or facility upgrades, transmission 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 components of the existing transmission system. These projects are referred to as “asset condition” projects.

The volume of 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.<sup>1</sup>

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<sup>1</sup> 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 federal agency is mandated to protect pursuant to 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.<sup>2</sup> 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. The Division provided ISO New England’s Planning Advisory Committee with comments that include a set of recommendations to improve the overall transparency and effectiveness of the review process for asset condition projects.<sup>3</sup> 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. Rhode Island consumers typically pay approximately 7 percent of transmission projects, regardless of whether the transmission line resides within Rhode Island or in the five neighboring New England states. The reasonableness of projects that lie outside of Rhode Island presents a greater challenge for the Division, and our continuing efforts to partner with consumer advocate organizations from neighboring states has enhanced our collective ability to bring greater scrutiny to transmission projects regardless of their location. Our coalition has strengthened and has come to be known as the Consumer Advocates of New England or “CANE.” Working together, we have developed a unified strategy to conduct the due diligence that has been lacking. Our efforts are further advanced by our decision to jointly retain and share the cost of accounting experts to review the financial

<sup>2</sup> Rhode Island General Laws Section 39-1-29.

<sup>3</sup> The Division’s comments are available at [chrome-extension://efaidnbnmnnibpcajpcglcfeindmkaj/https://www.iso-ne.com/static-assets/documents/100012/ridpuc\\_acpg\\_feedback.pdf](chrome-extension://efaidnbnmnnibpcajpcglcfeindmkaj/https://www.iso-ne.com/static-assets/documents/100012/ridpuc_acpg_feedback.pdf).

documentation underlying the billions of dollars of transmission projects that utilities are seeking to recover from consumers.

Our efforts to carefully scrutinize asset condition projects both within Rhode Island and across the region 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.