WRITTEN TESTIMONY OF

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BEFORE THE HOUSE COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEE ON ENERGY

"Wires, Rates, and States: Permitting Transmission for Reliable and Affordable Power"

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I. EXECUTIVE SUMMARY AND INTRODUCTION

Chairman Latta, Ranking Member Castor, and Members of the Subcommittee, thank you for the opportunity to testify at this hearing on, "Wires, Rates, and States: Permitting Transmission for Reliable and Affordable Power." I appreciate the Subcommittee's focus on practical solutions to strengthen our nation's electric grid, meet growing demand, and protect customers from unnecessary costs.

My name is Randy S. Howard, and I am the General Manager of the Northern California Power Agency (NCPA), a nonprofit joint powers authority formed in 1968 to plan, build, and operate power generation resources and schedule power to approximately 700,000 customers in 16 public power communities and districts across Central and Northern California. Our agency owns and operates geothermal, hydroelectric, and natural gas facilities, and our members are recipients of federal power from the Central Valley Project, as well as regional solar and wind.

I am also testifying today on behalf of the Transmission Access Policy Study Group (TAPS), an association of transmission-dependent utilities that has been active on Capitol Hill and at the Federal Energy Regulatory Commission (FERC) for decades. TAPS members include municipal utilities, joint action agencies, cooperatives, and an investor-owned utility. Collectively, our members serve about 1,200 utilities with retail customers in 39 states. As load-serving entities dependent on transmission facilities

owned by others, we recognize the importance of a robust grid—but we also represent the interest of consumers and businesses that ultimately pay the costs.

Across my 40-plus-year career in public power, including service as Senior Assistant General Manager of the Power System at the Los Angeles Department of Water and Power, I have led operational planning and reliability efforts through periods of significant system stress. I participate in transmission policy development through several forums, including TAPS, the Institute of Electrical and Electronics Engineers (IEEE), and the Transmission Agency of Northern California (TANC). The views I share today are rooted in practical experience: limited time, limited budgets, and increasing reliability risks requiring thoughtful and strategic planning.

My testimony reflects the perspectives of the NCPA and the TAPS. NCPA and TAPS share an overriding interest in a transmission system that is reliable, resilient, and affordable. For public power systems and other transmission-dependent utilities, transmission is not an abstraction. It is the backbone that allows us to serve homes, hospitals, water systems, local businesses, and critical public services every hour of every day.

Your hearing title — “Wires, Rates, and States”— captures the right framework. Transmission is not only about building infrastructure (“wires”). It is also about protecting affordability (“rates”) and respecting the historical and essential role of states in siting and permitting decisions (“states”). The key question is how to modernize processes so that critically needed new transmission infrastructure can be delivered on time and on budget—without undermining planning discipline, consumer protections, or local decision-making.

Importantly, most of the delays in permitting transmission and generation projects stem from federal statutory provisions and agency actions outside of the jurisdiction of this subcommittee. Addressing delays driven by those impediments to building is by far the most important action Congress could take to unleash the development of new generation and transmission in the United States. Nevertheless, it is appropriate to review the Federal Power Act (FPA) to ensure that it is working to provide an affordable, robust, and reliable electric system.

In brief, I offer five core points:

- Permitting reform is needed, and Congress can help remove genuine federal hurdles that slow needed development—while preserving state leadership in siting and ensuring meaningful community engagement.
- Speed alone is not success. Permitting reforms must be designed to support “smart” transmission—projects that are planned regionally based on local needs and input,

evaluated against alternatives, and demonstrably cost-effective—so customers are not burdened with avoidable costs.

- Cooperative federalism works. The FPA existing backstop structure appropriately keeps states in the driver's seat while providing a targeted federal tool for truly national-importance facilities and regional interconnectivity; broad federal preemption is likely counterproductive.
- Inclusive joint ownership is a proven, practical tool to get the right projects built faster and at lower cost, by bringing consumer-owned utilities to the table as partners in planning, siting, and financing.
- Grid-enhancing technologies (GETs) can unlock more capability from the existing system, but policies should prioritize prudent baseline expectations and transparency over one-size-fits-all incentive structures that can create windfalls and drive-up rates.

Based on these points, I respectfully recommend that the Subcommittee: (1) align federal permitting reforms with regional planning and cost discipline; (2) preserve core consumer protections embedded in the FPA, including the longstanding "just, reasonable and not unduly discriminatory or preferential" standard; (3) avoid unnecessary expansions of federal jurisdiction over public power and other non-jurisdictional utilities; (4) preserve a targeted backstop framework that complements—rather than displaces—state and regional processes; and (5) encourage inclusive joint ownership and prudent GET deployment in ways that protect customers.

II. WHY THIS HEARING MATTERS: WIRES, RATES, AND STATES

A. Wires: Transmission is a reliability and economic imperative

America's electric system is entering a period of rapid change. Electricity demand is rising in many regions, driven by industrial growth, data centers, and broader electrification. At the same time, generation resources are changing in location and operating characteristics. These forces increase the value of a strong transmission network that can move power across regions and maintain reliability during extreme conditions.

For transmission-dependent utilities—many of which are public power systems—access to the bulk transmission system is essential. Where transmission is constrained, customers face higher costs, reduced reliability, and fewer options. Where transmission is planned and built efficiently, customers benefit from improved reliability, access to least-cost resources, and reduced congestion.

B. Rates: Affordability must remain central

Transmission investments are ultimately paid for by customers. When transmission projects are well-planned and cost-effective, they can reduce total system costs and improve service. But when projects are approved without sufficient scrutiny of alternatives, need, and cost allocation, customers can be left paying for infrastructure that does not deliver commensurate benefits.

For community-owned utilities, the affordability dimension is particularly acute. Public power utilities are accountable directly to the communities they serve. Every dollar of avoidable transmission cost shows up in local rates and can reduce the resources available for other reliability and resilience investments.

C. States: Preserve state leadership while fixing federal bottlenecks

States have long played the leading role in siting and permitting transmission lines, overseeing environmental reviews, and ensuring that projects are built in a way that supports the communities where they are located. Federal reforms should be targeted to genuine federal process obstacles and coordination failures—not designed to displace state authority.

There are discrete federal permitting challenges that can add significant time and uncertainty to needed projects, especially where lines cross federal lands or require multiple federal approvals. Congress can help by modernizing federal processes, improving interagency environmental coordination, and encouraging consistent, predictable timelines—while leaving core siting decisions with states.

III. PRINCIPLES FOR TRANSMISSION PERMITTING REFORM THAT PROTECT RELIABILITY AND AFFORDABILITY

Principle 1: Permitting should be anchored in planning and alternatives analysis

A central risk in transmission policy is the temptation to treat permitting as the primary bottleneck and to solve it in isolation. For many regions, however, the most important work happens before permitting begins: identifying needs, evaluating alternatives, and selecting solutions through transparent regional planning processes.

Permitting reforms should reinforce—not bypass—these planning disciplines. If new federal authorities allow applicants to “end-run” local and regional planning, the result can be piecemeal expansion of the grid that is less cost-effective and efficient. Customers could face higher rates because projects were not evaluated against non-wires alternatives, local upgrades, operational measures, or more targeted transmission solutions.

Accordingly, if federal backstop authority reforms are considered, they should require an affirmative showing that the eligible project was proposed and evaluated in an applicable regional transmission planning process, and why the project is the most efficient and cost-effective way to meet identified needs.

Principle 2: Preserve appropriate discretion; avoid mandatory approvals that undermine discipline

Some legislative proposals would move federal permitting authority from a discretionary framework ("may" issue permits) to a mandatory framework ("shall" issue permits) once certain findings are met. From a consumer and transmission-dependent utility perspective, that change is consequential.

Transmission permitting often involves complex tradeoffs among reliability, cost, land impacts, environmental considerations, and community concerns. A mandatory federal obligation to approve projects that satisfy broad criteria risks constraining decision-makers' ability to ensure that projects are appropriately planned, cost-effective, and consistent with the public interest.

Maintaining discretion helps ensure that federal backstop authority remains a targeted tool—used when truly necessary, and after allowing states at least one year to consider siting a generation project—rather than a pathway that could be used strategically to avoid planning scrutiny and stakeholder engagement.

Principle 3: Maintain strong consumer protections in rates and cost allocation

Permitting and cost allocation are inseparable. Customers experience policy outcomes through rates. For that reason, any permitting reform that interacts with cost allocation should preserve the full set of longstanding FPA safeguards, including the requirement that rates be "just and reasonable" and "not unduly discriminatory or preferential."

Proposals that restate or modify cost allocation standards in ways that omit key consumer protections can create uncertainty and invite outcomes that deviate from decades of precedent. Similarly, codifying a rigid list of "benefits" for cost allocation determinations can unintentionally create a parallel standard that differs from established cost-causation principles, increasing litigation risk and creating incentives to pursue particular permitting pathways for strategic cost allocation advantages.

The simplest and most protective approach is to ensure that existing FPA standards and precedent apply fully and consistently.

Principle 4: Reliability criteria should be meaningful and cost-aware

Reliability is frequently invoked to justify transmission projects, and it is a legitimate driver for investment. But reliability criteria used to qualify projects for permitting and cost allocation must be meaningful. If the threshold is set too low or defined too broadly, virtually any transmission addition can qualify—even when the incremental reliability benefit is small.

A robust framework should require that reliability benefits be material relative to project costs, and that alternatives be evaluated so customers are not assigned costs for projects whose benefits do not come close to justifying the costs.

Principle 5: Avoid unnecessary expansion of federal jurisdiction over non-jurisdictional utilities

Public power utilities and other entities described in section 201(f) of the FPA are generally excluded from FERC regulation under Part II of the FPA in deference to state and local governance structures. Transmission permitting reforms should not extend federal jurisdiction over these entities in ways that are unnecessary, unwarranted, or counterproductive.

Expanding jurisdiction can create disincentives for public power participation and raise complex questions about how other FPA provisions would apply. Congress should preserve the jurisdictional balance that has long supported diverse utility models, including community-owned utilities, while focusing reforms on the specific problems at issue: timely development of needed transmission and fair access to the grid.

Principle 6: Preserve cooperative federalism; keep backstop authority targeted and workable

TAPS has long supported FPA section 216's cooperative-federalism structure, which recognizes states' primary siting role while providing a backstop pathway for transmission facilities of truly national importance. That balance matters because states are closer to the local concerns that trigger opposition and litigation—and to the planning decisions that drive construction.

Broadly preempting state siting authority and making FERC "permitter-in-chief" is likely counterproductive. FERC has limited experience with the fact-intensive, locally sensitive work of siting controversial lines, and centralizing permits at the federal level could invite more controversy and litigation, create administrative backlogs, and increase vulnerability on appeal.

Similarly, proposals to make FERC "planner-in-chief" risk weakening affordability. Regional planning is best handled at the regional level, where planners and

stakeholders have the data, operational knowledge, and local expertise to identify the most efficient and cost-effective solutions. Congress can support planning reforms without relocating planning responsibilities to an agency that does not perform transmission planning today.

IV. INCLUSIVE JOINT OWNERSHIP: A PROVEN TOOL TO BUILD THE RIGHT TRANSMISSION AT LOWER COST

If Congress is serious about enabling a robust grid at reasonable cost to consumers, it should leverage inclusive joint transmission ownership as an important tool. TAPS has long advocated "inclusive joint ownership arrangements" that invite meaningful participation—on reasonable terms—by all load-serving entities in the relevant footprint.

Inclusive joint ownership can solve multiple problems at once:

- Plan the right projects: When public power and cooperative utilities are meaningful joint owners, their consumer-cost perspective helps shape projects toward efficient solutions, cost containment, and practical alternatives analysis.
- Improve siting outcomes and reduce risk: Local governmental officials and community-serving utilities participating as owners can help build public support and navigate state siting processes, while a broader participant pool helps spread financial and construction risk.
- Reduce costs to all consumers: Participation by non-profit, tax-exempt public power (and consumer-owned utilities more broadly) can reduce the overall cost of financing and the tax-related "gross-up" embedded in rates—savings that matter given the scale of expected transmission investment.
- Hedge rising transmission costs: When consumer-owned utilities participate as owners, their net project earnings can be used to offset retail costs, providing a partial hedge against growing transmission charges.

FERC has repeatedly recognized the benefits of joint ownership and has encouraged it in a series of transmission policies and orders. Congress can reinforce this proven approach as part of any permitting modernization by encouraging FERC and transmission owners to treat inclusive joint ownership as the default "best practice" for large regional facilities.

A practical, workable concept for Congress is straightforward:

- Direct FERC to promote inclusive joint ownership as a cost-containment and risk-reduction tool; and
- When an applicant seeks special federal permitting treatment, require a showing that meaningful joint ownership opportunities were offered to affected load-serving entities on reasonable terms; and

- Applicants seeking incentive rates of return under FPA 219 should show they have taken all steps to mitigate risk, including offering joint ownership on reasonable terms to all load-serving entities in the relevant footprint, before they qualify for an incentive, and
- Use joint ownership to strengthen—not bypass—regional planning and state/local engagement.

V. GRID-ENHANCING TECHNOLOGIES (GETs): DO MORE WITH WHAT WE HAVE—WITH THE RIGHT GUARDRAILS

Grid-enhancing technologies (GETs) can increase the usable capacity of existing transmission facilities, reduce congestion, and improve reliability at lower cost than building new lines in many circumstances. As a practical matter, GETs should be part of the toolkit for meeting near-term needs while longer-lead infrastructure is planned and permitted.

TAPS supports the deployment of GETs where they are cost-effective, appropriately applied, and implemented in a manner consistent with good utility practice and non-discriminatory open access. The policy question is not whether GETs have value—they do—but how to encourage their prudent use without creating incentive structures that raise customer costs.

A. Be cautious with shared-savings incentives

Some approaches would require FERC to implement "shared savings" incentives—returning a fixed percentage of forecast savings to the developer of a GET investment. While well-intended, such mandates can produce significant adverse consequences: huge windfalls for low-risk measures that should be part of prudent utility practice; customer payments based on projected savings that may not materialize; and incentives for strategically selective deployment that undermines non-discriminatory open access.

B. A better approach: baseline expectations, transparency, and tailored incentives where justified

A more durable approach is to reinforce expectations that transmission owners adopt proven, low-cost, low-risk measures as part of prudent operation—paired with transparency, oversight, and safeguards against undue discrimination. Where incentives are appropriate, they should remain within FERC's existing framework that considers demonstrated risks and challenges and avoids making investments that are very costly to consumers.

VI. SUPPLY CHAIN AND LONG-DURATION EQUIPMENT CONSTRAINTS

An additional, practical constraint on timely transmission development is the growing challenge associated with procuring long-duration, specialized electrical equipment. Large power transformers, high-voltage breakers, protection and control systems, and certain transmission-class conductors increasingly face procurement timelines measured in years.

These constraints reflect limited manufacturing capacity, reliance on global supply chains, skilled labor shortages, and rapidly increasing worldwide demand for similar assets. Even where permits are accelerated, projects frequently cannot proceed on schedule without this equipment.

Accordingly, permitting reform alone cannot ensure timely delivery of reliability benefits. Unrealistic timelines that do not account for procurement risk may increase carrying costs and ultimately raise rates. Transmission reforms should therefore recognize supply-chain realities as part of credible planning and cost-effectiveness determinations.

VII. BROADER REGIONAL MARKETS AND UTILIZATION OF EXISTING TRANSMISSION

In addition to grid-enhancing technologies, broader voluntary regional market participation can materially increase the utilization and value of existing transmission facilities. Organized wholesale markets enable more efficient dispatch across larger footprints, reducing congestion costs and improving reliability without immediate new transmission construction.

For transmission-dependent utilities, voluntary access to broader markets can provide near-term benefits by allowing scarce transmission capacity to serve load more efficiently. From a consumer perspective, maximizing use of existing infrastructure before committing to large capital additions is consistent with cost-discipline principles.

VIII. PRACTICAL “DO’S AND DON’TS” FOR CONGRESS TO CONSIDER

Do:

- Any federal permitting reforms should be targeted to genuine federal bottlenecks and coordination failures, like reforming the NEPA process, while preserving state leadership in siting and permitting decisions.

- Any changes to the current federal backstop authority should require participation in regional planning, alternatives analysis, and demonstrated cost-effectiveness—discouraging end-runs around planning.
- Preserve the full set of consumer protections in the FPA, including the "just, reasonable and not unduly discriminatory or preferential" standard.
- Avoid unnecessary expansions of federal jurisdiction over public power and other non-jurisdictional utilities.
- Encourage inclusive joint ownership as a proven model to lower costs, strengthen planning, facilitate siting, and reduce financial risk.
- Any support for GETs deployment should be done through prudent baseline expectations, with full transparency, and any incentives should be tailored only where needed and justified.

Don't:

- Preempt state siting authority broadly or make FERC "permitter-in-chief" for interstate transmission lines.
- Create mandatory federal permitting obligations that reward applicants for bypassing regional planning and stakeholder engagement.
- Centralize transmission planning at FERC as "planner-in-chief", this only weakens regional expertise and undercuts cost discipline.
- Adopt cost allocation provisions that omit longstanding consumer protections or establish parallel standards that increase confusion and litigation risk.
- Mandate all GET incentive payments that can transform low-cost solutions into high-cost obligations for customers.
- Expand federal jurisdiction over public power and other non-jurisdictional utilities without clear necessity and careful tailoring.

VIIII. CONCLUSION

Thank you again for convening this hearing. The nation's transmission system must evolve to meet growing demand and changing resource patterns, and permitting modernization is an important part of that effort.

At the same time, the guiding objective should be reliable and affordable service for customers. That means focusing on "smart" transmission—projects selected through transparent planning, evaluated against alternatives, and supported by cost allocation approaches that reflect cost causation and protect consumers.

NCPA and TAPS stand ready to work with the Subcommittee and its staff as you consider reforms that accelerate needed infrastructure while respecting states and safeguarding ratepayers. I appreciate your attention and look forward to your questions.