

# Local transmission spending soars nationwide amid ‘serious absence of cost containment’

In New England, Eversource and National Grid are advancing two local projects totaling \$724 million as state utility regulators push for more oversight.

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Spending on local transmission projects has been increasing across the United States with little regulatory oversight, according to a report from RMI. *jdwfoto via Getty Images*

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In New England, for example, annual spending on local transmission projects, called asset condition projects in the region, increased eight-fold from 2016 to nearly \$800 million in 2023, RMI, a clean energy think tank, said in its report, [\*Mind the Regulatory Gap: How to Enhance Local Transmission Oversight\*](#).

ISO New England's updated list of asset condition projects, which are primarily upgrades to aging transmission infrastructure, includes 14 new projects totaling \$977 million, including two Eversource and National Grid projects in New Hampshire that total \$724 million, according to an Oct. 23 [ISO-NE presentation](#). Also, upgrades totaling \$316 million have been placed into service since June, per the presentation.

Despite their overall cost, local transmission projects don't receive a meaningful review from grid operators or the Federal Energy Regulatory Commission, and state regulators typically have little oversight over them, according to RMI. Local transmission projects are developed separate from regional transmission planning.

"This regulatory gap has corresponded with a broad nationwide shift in transmission spending from regional transmission projects to local projects," RMI said. "This shift can in part be attributed to the incentives created by a lack of accountability resulting from the regulatory gap."

Utilities see transmission spending as an important avenue for generating returns, according to Greg Poulos, executive director for the Consumer Advocates of the PJM States. "Transmission is the Golden Goose these days," Poulos said Nov. 12 during a panel on local transmission at the National Association of State Utility Consumer Advocates annual meeting in Anaheim.

The issue is gaining attention in New England where billions have been spent on asset condition projects in recent years, with up to \$6 billion expected in the next few years, according to Pat Scully, a commissioner on the Maine Public Utilities Commission.

"There's a serious absence of cost containment in the system that we have now," Scully said Nov. 13 during a panel at the National Association of Regulatory Utility Commissioners' annual meeting in Anaheim, California. "We are actively working in the region, with the transmission owners, with ISO New England to try to identify some ways to bring some cost discipline into the process ... We think that it's going to require some engagement at the federal level, and we've been communicating with the FERC about it."

RMI offered a series of reforms that could increase the oversight of local transmission projects. FERC could establish an independent transmission monitor and reform its formula rate process to apply only to projects that receive adequate regional and/or state review, RMI said. The formula rate process is an annual process that allows transmission owners to update their transmission rates outside a typical rate case.

Critics of [FERC's formula rate process](#), including FERC Commissioner Mark Christie, contend that it makes it harder to determine whether transmission spending is prudent.

ISOs and other regional planning entities could adopt regional-first planning, which would ensure that local projects are "right-sized" so they also meet regional needs, RMI said.

States could bolster their “certificate of public convenience and necessity” authority so they can review local transmission projects and offer expedited cost recovery for local projects that go through a robust regional review, the non-profit group said.

States could also create electric transmission authorities to coordinate transmission development to help enable regional-first planning, RMI said.

“Continuing the status quo approach to transmission planning, which separates local and regional planning, perpetuates this regulatory gap and is an inherently inefficient way to expand the grid,” RMI said. “Many uncoordinated local projects will generally be more costly than larger, well-planned regional projects, and they will also tend to have greater land use and environmental impacts.”

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