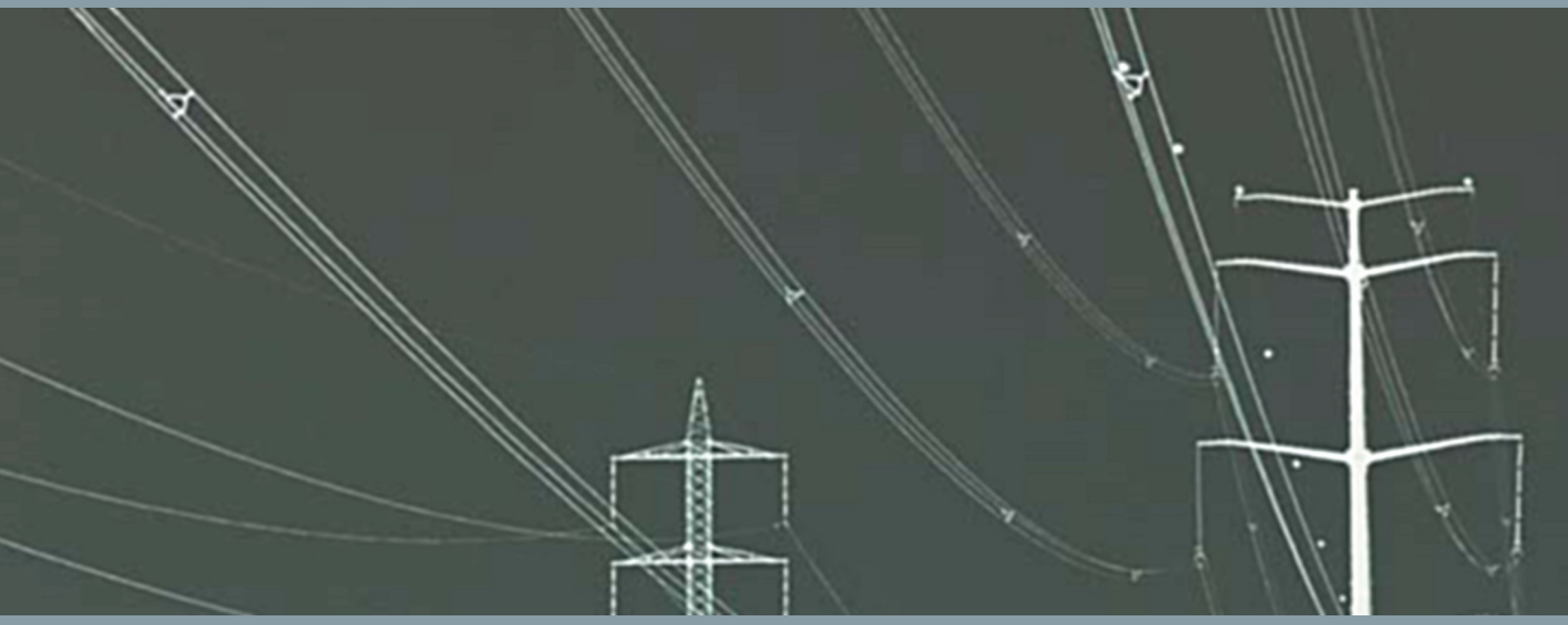
Coordinating Interstate Electric Transmission Siting:
An Introduction to the Debate



The National Council on Electricity Policy

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The National Council on Electricity Policy Electric Transmission Series:

- *Electricity Transmission: A Primer* (June 2004)
- *Coordinating Interstate Electric Transmission Siting: An Introduction to the Debate* (July 2008)
- *Examining Alternatives to Electric Transmission: A Guide for State Officials* (to be released in the 2008)
- *The Smart Grid: Policy and Practical Essentials for State Officials* (to be released in early 2009)

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The National Council on Electricity Policy (National Council) is a unique venture between the National Association of Regulatory Utility Commissioners (NARUC), the National Association of State Energy Officials (NASEO), the National Conference of State Legislatures (NCSL), National Association of Clean Air Agencies (NACAA) and the National Governors Association (NGA). The National Council also includes participation by the Federal Energy Regulatory Commission (FERC), U.S. Department of Energy (DOE), and the U.S. Environment Protection Agency (EPA). Established in 1994, the National Council enables better coordination between federal and state entities responsible for electricity policy and programs. Our members understand that improved intrastate, regional and federal coordination can result in more informed electricity policy decisions.

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Coordinating Interstate Electric Transmission Siting: An Introduction to the Debate

Abstract

In recent years, experts have started drawing attention to the need to improve the system that transmits electricity from power plants to demand centers. Congestion on existing lines, increased energy demand that suggests a need for new electric transmission and the challenge of connecting renewable energy sources to load centers highlight some needs that could be underserved by the existing system in the near future. While improved demand-side management (including energy efficiency and demand response), better utilization of the existing transmission grid, and other strategies (such as distributed generation) will be key components of the response taken to meet this challenge, another component may be greater coordinated interstate transmission siting for new transmission facilities. These efforts come with their own set of complications, however, since transmission siting has in many respects been the responsibility of individual States. New transmission often faces significant scrutiny, even when limited to a single jurisdiction, based on the concerns of property owners and others affected by the siting of these facilities. Interstate facilities can bring the added issues of the assignment of costs and benefits across different jurisdictions. The emergence of new Federal roles in siting also adds a layer of detail with which State policymakers must become familiar. Interstate coordination, as well as federal-State jurisdictional issues that arise, will require careful consideration.

Lively debate about interstate transmission siting and related topics has been ongoing for some time. This paper is written first and foremost for Commissioners, staff, and others who are new to the debate and looking for a resource that introduces the issues that are relevant to it. The paper introduces some of the challenges related to the siting of new interstate transmission lines as well as specific questions that such projects would require regulators and policymakers to answer. It outlines recent changes in federal policy that affect State policy and regulatory arenas, followed by a review of State statutes and a discussion of language in these statutes that may impede or enhance interstate transmission siting coordination. After the examination of individual States, the paper addresses a number of potential avenues that may help create directions for regional coordination. Lastly, a few recommendations are suggested for State-level action. This paper was prepared for the members of each of the four groups comprising the National Council on Electricity Policy (NCEP). These groups include the National Association of Regulatory Utility Commissioners, the National Association of State Energy Officials, the National Governors' Association, the National Association of Clean Air Agencies (NACAA) and the National Conference of State Legislatures. More information on the National Council can be found at www.ncouncil.org.

I. Introduction – State, Regional, and Federal Landscapes and Challenges

In the past decade, electricity demand has grown steadily while the policy landscape affecting the development of new transmission has changed vastly. In recent decades, the regionalization of the electric grid and changes in technology and markets have created new needs for power to be moved over greater distances, often crossing State boundaries or entire regions. Regional Transmission Organizations (RTOs) have been created that operate regional energy markets in many parts of the country and recommend transmission solutions that ensure a reliable supply of electricity within that region. As natural gas prices rise, coal and wind become more attractive options as fuel for power plants. This shift in fuel choice demands an extensive interstate transmission system to adequately serve load centers. To address these changes, and others, utilities across the nation are requesting approval of interstate transmission lines from State regulators.

Examples of the growing need for interstate transmission lines can be found in the Midwest and along the Rocky Mountains as State officials and utilities are creating regional transmission capacity expansion plans. The Capacity Expansion by 2020 (CapX 2020) project, initiated by transmission-owning electric utilities in the Midwest, is a project aimed at expanding the electric grid to meet the growing energy demands and ensuring future reliability.[1] In the West, the governors of Utah and Wyoming co-sponsored the Rocky Mountain Area Transmission Study (RMATS), an effort that seeks to address constraints on electric transmission in the Rocky Mountain area by identifying new generation projects in the region as well as the electric transmission needed to support these generation facilities.[2] The interstate and regional nature of these facilities requires State siting authorities to increasingly consider transmission upgrades or lines that serve regional needs.[3]

Siting within one State can be a difficult challenge: concerns about land use impacts, property values, technical considerations, jurisdiction, and the appropriate allocation of costs and benefits can delay or derail a proposed project. On an interstate basis, these issues are multiplied by the number of States the line traverses. Projects such as Arrowhead-Westin and Buffalo Ridge in the Midwest serve as examples of transmission lines that required more than one State's approval, and while both faced challenges, they ultimately succeeded as examples of multi-state siting. They illustrate the need for State officials to have the policy infrastructure in place to support decisions about the siting of interstate transmission facilities.

The examples cited above represent States' needs across the country. The National Conference of State Legislatures identified nine characteristics of State electric systems that bolster the need for coordinated, interstate electric transmission siting.[4] They include, but are not limited to:

1. States depend upon each other to export or import power. The import and export of power across entire regions of the country often increases reliability and decreases electricity costs as States have access to more varied power sources in different locations. However, such broad markets require the support of a regional transmission system. Especially in cases where a State has adopted a retail choice program, it is accepting greater reliance on wholesale markets, and therefore, on an interstate transmission system.[5]

2. Distance between power plants and the load they serve is often great. This follows directly from the

1 CapX2020.com. CapX2020. October 16, 2007. <www.capx2020.com>
2 Wyoming. Public Service Commission. Rocky Mountain Area Transmission Study. February 28. 2006. October 16, 2007. <http://psc.state.wy.us/htdocs/subregional/home.htm>
3 Wright, Kevin. "NIETC Implementation: State Views." PowerPoint presentation. Grand Hyatt Hotel. Washington, DC. July 18, 2006.
4 Brown, Matthew. Regional Reliance: Why Transmission Coordination is Key. National Conference of State Legislatures. October 2006.
5 Smith, William H., Jr. "Formation and Nurture of a Regional State Committee." Energy Law Journal. Volume 28, No. 1. Energy Bar Association. 2007

previous characteristic. It should be added that developers of some power plants have encountered strong opposition to their proposals to build for a number of reasons. Fuel choice - previously discussed and revisited later in this introduction - also supports this characteristic and demands extensive, interstate transmission coordination.

3. Multi-state, even multi-national, power companies now are the norm. Many utilities operate across State lines. The Energy Policy Act of 2005 repealed the Pubic Utility Holding Companies Act (PUHCA), thereby making mergers in the utility industry legal if approved by State authorities. Some expect that this new freedom may spur the creation of more multi-state utilities or expand a utility's reach across an even greater territory.

4. Most of the power industry is controlled and monitored regionally. The bulk power system is controlled and monitored on a regional level, with the exception of Hawaii, Alaska, and Texas. Reliability, planning, and safety measures are perceived at this regional level by utilities, RTOs and other regional entities. RTOs also work with one another to discuss planning issues between regions.

5. Air quality policy is often regional and forces regional decision-making. Every air pollution mitigation effort, from Environmental Protection Agency (EPA) mandates like the Clean Air Mercury Rule to voluntary State initiatives like the Regional Greenhouse Gas Initiative, affect States' choices regarding electricity generation and transmission. To meet the goals set for in the air quality policy, extensive collaboration is required by electric industry stakeholders and government bodies.

In spite of the reasons to improve coordination, the difficulty in siting specific lines usually arises from valid questions about equity, prudence, and impact. The growth of the regional electric systems across the nation challenges States to answer new questions, or old questions in new ways.

For someone new to the discussion, interstate siting may pose a host of new questions and issues. Areas such as determination of need, cost recovery, and environmental concerns demand close attention and careful action. Questions commonly in dispute include:

- Is there a need for transmission?
- Who pays?
- Who benefits from the line?
- What are the environmental and land use concerns?
- What generation resources will be connected to the line?

Increasingly aggressive policies for mitigating air pollution and climate change, superimposed on policymakers' responsibility to provide affordable and reliable electricity, may necessitate new strategies to meet these policy goals. Such strategies may include transmission, generation, demand-side options, or a combination of all three. For example, many States have adopted renewable portfolio standards (RPS) that require a certain percentage of electricity sold to come from renewable energy sources. Meeting this mandate may be challenging because renewable energy resource areas are often not located near load centers. States may initially need to rely on renewable resources developed outside their borders and adequate interstate transmission facilities to achieve this objective. Additionally, complications in the transmission of existing fossil fuel generation are likely to occur as the usage of these resources is increasingly scrutinized. Impending climate legislation is a large factor shaping transmission investments today, and will most likely continue to play a role in decision-making into the foreseeable future.

Also evolving are the legal and economic authorities over electricity transmission. To cope with the broader geographic nature of electricity transmission, regional transmission organizations were created

in the late 1990s to operate the transmission system. They later were ordered to administer electricity markets. These organizations created new ways for States to interact with one another on transmission siting. For example, every New England State participates in the ISO-NE Regional System Planning process. However, each retains jurisdiction over the actual siting of electric generation and transmission facilities.[6] Even more recently, the Energy Policy Act of 2005 gave new authority to the U.S. Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC) over electric transmission. The ability for DOE to designate National Interest Electric Transmission Corridors and new backstop siting authority of FERC may alter federal-State relations and the leverage that various actors in the transmission siting process have. Traditional jurisdictional boundaries along with the physical demands on the electric transmission system are creating new challenges for all involved.

Against this backdrop, States may need to take a proactive approach to interstate transmission siting coordination. Through informal conversations with State regulators and commission staff, there is, at a minimum, a perception that interstate coordination in the siting of transmission lines across State boundaries may either be hindered or helped by statutory language. For this reason, a first step in ameliorating the interstate siting process is to understand both the conducive and limiting language in the statutes that govern a State's ability to work with another on interstate transmission siting. This paper examines patterns in State laws that either impede or enhance interstate coordination. Specific language is referenced to highlight these patterns and extraordinary statutes, but the information presented is not exhaustive of all statutes.

Additionally, the paper draws attention to the various institutionalized means of facilitating interstate coordination. Regional organizations such as Regional Transmission Organizations, Independent System Operators, and National Association of Regulatory Utility Commissioners (NARUC) affiliates are known organizations that could potentially aid coordination efforts. Interstate compacts are another means of assisting interstate transmission siting. The purposes and potential of these entities and methods are presented for consideration.

While important, statutory language is not the determining factor in how well States coordinate with one another on transmission siting. For example, in the Pacific Northwest four States coordinate on resource planning and deployment through an interstate compact, but only one of the four States' authorizing language explicitly encourages this coordination through the compact. Clearly, initiative and perception of need may drive interstate coordination more than statutory language. When developing this paper, one of the first items discussed was whether States lacked the statutory authority to improve coordination, and while the example above would not support that argument, the authors noted that understanding the language in a specific State's statute can only help matters.

This short introduction to the legislative underpinnings of the interstate transmission debate emphasizes the need for individual State consideration of their role in this interstate problem and overcoming a history of working in isolation from one another. Introspection and interaction are both necessary actions to adequately address interstate transmission siting coordination.

One final note of introduction: this paper does not discuss alternatives to transmission, which in some cases may be a more appropriate response to load growth. These alternatives are explored in a forthcoming companion volume, "A Study of Non-Wires Transmission Alternatives" to be published by the National Council on Electricity Policy in the fall of 2008.

6 Waldstein, Sandra. "Transmission Siting in New England." PowerPoint presentation. Wilmington, DE. December 13, 2006.

II. Changes in the Policy Landscape Affecting State Transmission Decision-Making

The need for States to examine their policies toward interstate transmission coordination is prompted by large-scale changes in the role of the federal government in transmission siting. These changes were brought about by the Energy Policy Act of 2005 (EPAct 2005). EPAct 2005 gives DOE and FERC unprecedented authority in electric transmission siting. The following two passages briefly describe DOE's and FERC's new roles.

Department of Energy Congestion Study and Designation of National Interest Electric Transmission Corridors

The Energy Policy Act of 2005 required DOE to conduct a study of electric transmission congestion within one year of the enactment of the law. The DOE congestion study must be repeated every three years thereafter.[7] Based on that study, and after considering alternatives and recommendations from interested parties, the law tasked DOE to issue a report which may designate any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers as a national interest electric transmission corridor ("NIETC").[8]

The DOE Congestion Study was issued on August 8, 2006. On April 26, 2007, the DOE issued two draft NIETCs—Draft Mid-Atlantic Area National Corridor (some or all counties in Delaware, Ohio, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia, and the District of Columbia) and Draft Southwest Area National Corridor (seven counties in southern California, three counties in western Arizona, and one county in southern Nevada). On October 2, 2007, DOE announced the final designations of two NIETCs—the Mid-Atlantic Area National Interest Electric Transmission Corridor (Docket No. 2007-OE-01) and the Southwest Area National Interest Electric Transmission Corridor (Docket No. 2007-OE-02). DOE affirmed the NIETC designation orders on March 10, 2008. Both designations of NIETCs are pending appeals from States and environmental groups in a number of federal district and appellate courts.

Federal Energy Regulatory Commission Backstop Siting Authority

In addition to the responsibilities given to DOE, EPAct 2005 gave FERC federal backstop siting authority of certain electric transmission facilities.[9] Upon DOE's NIETC designation, FERC may issue permits to construct or modify electric transmission facilities if it finds that:

(1) A State in which such facilities are located does not have the authority to approve the siting of the facilities or to consider the interstate benefits expected to be achieved by the construction or modification of the facilities;

(2) The applicant is a transmitting utility but does not qualify to apply for siting approval in the State because the applicant does not serve end-use customers in the State; and

(3) The State with siting authority takes longer than one year after the application is filed to act, or the State imposes conditions on a proposal such that it will not significantly reduce transmission congestion or it is not economically feasible.

To issue a permit, FERC must find that proposed facilities:

7 Section 216(a)(1) of the FPA.
8 Section 216(a)(2) of the FPA.
9 Section 216 of the FPA.

(1) Are used for interstate commerce;
(2) Are consistent with public interest;
(3) Significantly reduce transmission congestion in interstate commerce;
(4) Are consistent with national energy policy; and
(5) Maximize the use of existing towers and structures.

FERC issued the Final Order -- Order No. 689 -- implementing its backstop siting authority on November 16, 2006. The Final Order gives the States one full year to consider a transmission line siting application before the federal pre-filing process begins. The intent is to avoid conducting "parallel proceedings" – where a State commission and FERC would be considering a siting application at the same time. If such "parallel proceedings" were allowed, that process would create *ex parte* and prejudgment concerns under State law. Such a situation could potentially result in an applicant "gaming" the siting process by purposefully filing a deficient application to the State with the hopes of starting the one-year federal clock and precluding adequate State consideration of the application.

Order No. 890 Planning Requirement

EPAct 2005 was not the only document to significantly change electricity transmission in the past few years. FERC issued Order No. 890 on March 15, 2007. Order No. 890 reforms FERC's landmark Order No. 888, which required transmission providers to offer open-access transmission service on a nondiscriminatory basis to wholesale transmission customers.

Order No. 890 requires public utility transmission providers to participate in open transmission planning processes at the local and regional level. Each transmission provider, as part of its open access transmission tariff, must file documents describing its transmission planning process and how its process meets the following nine transmission planning principles:

(1) Coordination;
(2) Openness;
(3) Transparency;
(4) Information Exchange;
(5) Comparability;
(6) Dispute Resolution;
(7) Regional Participation;
(8) Congestion Studies; and,
(9) Cost allocation.

Through these planning principles, FERC hopes to see greater coordination between neighboring transmission providers and interconnected systems, State authorities, and other stakeholders, as well as ensuring greater accessibility to affected parties, and greater availability of the data and assumptions that were used in the transmission plans.[10]

It is important to note that Order No. 890 retains the core elements of Order No. 888 in terms of federal and State jurisdiction. Protection of native-load customers also continues as outlined in Order No. 888. Similarly, FERC chose to continue with requiring functional unbundling in Order No. 890 instead of structural unbundling.[11]

10 There remains the challenge for State regulators to have the same access to information as FERC.
11 {Still working on the wording of the concern here.}

III. State Siting Statutes

Interstate coordination requires States to communicate using common parameters and terminology that are often found in State statutes. These statutes provide the legal parameters that both support and restrict a State utility commission's actions when considering interstate transmission siting. A cursory examination of State statutes reveals that language governing interstate transmission siting varies throughout the country. In some instances the statutes provide concrete direction for working with utilities and other States. Others are nuanced in a way that may either create opportunities for or prevent interstate coordination, depending on interpretation. And still many are silent on this topic.

Any scenario can potentially bolster interstate coordination. In some instances great flexibility can be derived from statutes that are vague or silent on an issue. A closer look into the statutes reveals there are some patterns among the ways States discuss interstate coordination.[12]

Statutes should be viewed as one tool in a policymakers' toolbox that can help facilitate interstate coordination. Initiative and necessity may drive interstate transmission siting coordination, while in other circumstances a legal grounds to act upon will be beneficial. At a minimum, an understanding of one's State's statutes will likely be a critical component of improved coordination for interstate transmission siting.

Silent Statutes

Of the 50 States studied, there are **12 whose statutes are silent on the topic of interstate transmission siting and interstate coordination** more broadly. The following table lists these States according to their geographic region:

Table 1: States without Explicit Language on Coordination

West	Midwest	South	Mid-Atlantic	Northeast
Colorado	Iowa	Louisiana	Pennsylvania	Maine
Montana	Oklahoma		Virginia	Massachusetts
	Nebraska		West Virginia	

It is important to note that while these States' statutes are silent on the specific topic of interstate coordination, each State in the table above belongs to an ISO or RTO with the exception of Montana and Colorado. For these States, participation in these regional organizations is one vehicle for addressing interstate coordination on transmission development, including siting. That the underlying statutes in these States do not comment on interstate transmission siting does not necessarily preclude such coordination from taking place; indeed, a lack of explicit language limiting such coordination could conceivably provide the State with greater flexibility. On the other hand, a lack of explicit authorizing language to coordinate on interstate siting issues could also be interpreted as a hindrance to interstate coordination as a State searches for guidance in engaging with others.

Coordination, Joint Procedures, and Interstate Compacts

Approximately 20% of States' siting statutes are silent on the issue of interstate coordination. Among the remaining, **23 have language that encourages coordination by supporting interstate cooperation, joint hearings and investigations, or entering into compacts.** Generally, language supporting these activities was embedded in the statutes outlining the duties of the commission. **While the language may not be specific to transmission, there is nothing barring such coordination from extending to interstate**

12 The research into the statutes was not exhaustive. The examples given here are representative of the findings.

transmission siting. Table 2 illustrates the mechanisms mentioned above as authorized by State statute.

Table 2: State Coordination Language

Cooperation/Coordination[1]	Joint Investigations, Hearings, Orders[2]	Compacts[3]
Alabama	Delaware	California
Illinois	Idaho	Connecticut
Kansas	Illinois	Delaware
Minnesota	Kansas	Illinois
Mississippi	Minnesota	Kansas
North Carolina	Missouri	Maryland
North Dakota	New Mexico	New Jersey
New Hampshire	Ohio	New Mexico
Ohio	Vermont	Ohio
Oregon	Washington	South Carolina
Rhode Island		Vermont
Wyoming		Washington
		Wisconsin

Some statutes fall into more than one category. Illinois, for example, has language that is all inclusive. It reads:

"The [Illinois Commerce]Commission may confer in person, or by correspondence, by attending conventions, or in any other way, with Commissions and any and all agencies dealing with public utilities of other states and of the United States on any matters relating to public utilities. The Commission shall have full power and authority to make joint investigations, hold joint hearings within or without the State, and issue joint or concurrent orders in conjunction with any official, board, commission or agency of any state or of the United States. In the holding of such investigations or hearings, or in the making of such orders, the Commission shall function under agreements or compacts between states or under the concurrent power of states to regulate the interstate commerce, or as an agency of the United States, or otherwise."[1]

The first sentence typifies the language of statutes that fall under the category of cooperation/coordination. The second is indicative of statutes that speak to joint investigations and hearings. Likewise the third sentence is representative of the statutes allowing States to enter into compacts. Ohio's revised code also contains such all encompassing language, but authority is given to its power siting board rather than its utility commission.[2]

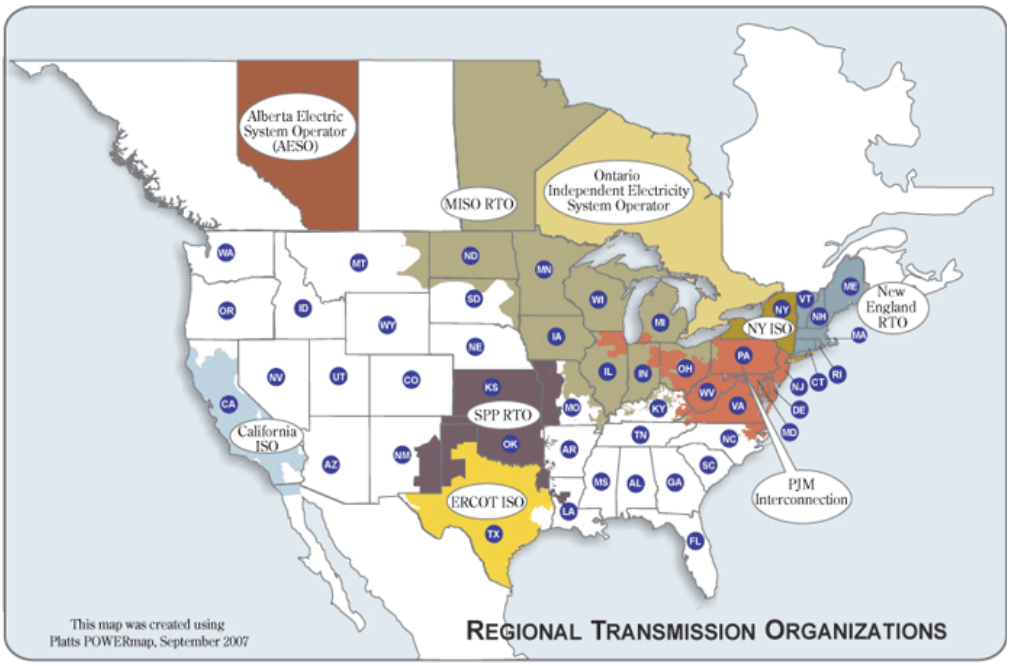
When it comes to compacts, two States stand out more than the Illinois statute. California's and Connecticut's statutes are much more prescriptive than the example used above. California's statute notes that it is "the intent of the Legislature that California enter into a compact with western region States" in order to "protect the reliability of the interconnected regional transmission and distribution systems." Furthermore, the California legislature supports the "evolution of the Independent System Operator and the Power Exchange into regional organizations to promote the development of regional electricity transmission markets in the western States…" and this shall be accomplished through a "regional compact or other comparable agreement among cooperating party States…."[3] The language is specific to transmission and individual entities are directed to enter into compacts.

1 220 I.L.C.S. 5/4-301 (2007)
2 OH. Rev. Code §4906.14 (1981)
3 West's Ann. Cal. Pub. Util. Code § 330 (2001) and West's Ann. Cal. Pub. Util. Code § 359 (2000)

Meanwhile, Connecticut's statute **authorizes** the Department of Public Utility Control to enter into compacts with New York, Vermont, Massachusetts, Rhode Island, New Jersey, and Pennsylvania, or any combination of these states, for the expressed purpose of "establishing joint regulation and control of rates for electricity and gas transmitted between such States…." This statute notes that such a compact must be authorized by the Congress of the United States and is not effective until given such approval.[16] The limitations on the parties that can be involved and the focus on transmission make this statute unique.

RTO Involvement

A handful of statutes explicitly provide direction as to how the commission must, or to a lesser degree might, interact with an RTO. RTOs provide many electric utility stakeholders including utilities and their customers a means of developing and operating unified, coordinated power systems.



(Source: FERC 2007 http://www.ferc.gov/industries/electric/indus-act/rto/rto-map.asp)

While involvement in an RTO does not serve as a panacea for siting issues, it does provide a multi-state context for electricity delivery and may serve as an entry-point for addressing interstate siting complications. Therefore, it is worthwhile to understand the statutory language addressing participation in an RTO. In Michigan, for example, its statute requires that the State's utilities participate in a regional organization. Michigan mandates that "each investor-owned electric utility in this State shall, at the utility's option, either join a FERC-approved multi-state regional transmission system organization or other FERC-approved multi-state independent transmission organization or divest its interest in its transmission facilities to an independent transmission owner." Subsequently, if an electric utility had "not complied with this section by December 31, 2001, **the commission shall direct the electric utility to join a FERC-approved multi-state regional transmission system organization selected by the commission.**"[17] Here, the commission's authority and role in this matter are defined.

16 Conn. Gen. Stat. Ann. § 16-48(2007)

17 Mich. Comp. Laws Ann. §460.10w(2002)

New Jersey has a similar law defining the commission's role in utility and RTO matters. However, New Jersey assumes a utility's engagement in an RTO and addresses a situation that could potentially arise:

"The board shall have the authority to deny, suspend or revoke an electric power supplier's license, after a hearing, if it determines that an electric power supplier has or may acquire such control, or if the electric power supplier's violations of the rules, regulations or procedures of the PJM Interconnection, L.L.C. independent system operator or its successor may adversely affect the reliability of service to retail customers in this State or may result in retail customers being charged non-competitive prices."[18]

Kentucky's statutes speak more directly to the interaction between the RTO and the commission. After an analysis of the impact of a proposed facility on the transmission grid, the statute asserts that the **"RTO determination of need does not waive the necessity of PSC determination of need."**[19] Others with language guiding the State utility commissions' interaction with various regional organizations include Kansas, Minnesota, and New Jersey. Each statute is different, but they all speak to their State's involvement with a regional entity with potential implications on the transmission system of the respective region.

Resource Adequacy

Some State laws also dictate how a State and its utilities can interact with their neighbors. These statutes largely address resource adequacy, which may or may not affect interstate transmission siting. Resource adequacy in this discussion pertains to a utility securing sufficient energy supplies for its customers and the mechanisms it uses to obtain these supplies. New Hampshire and Georgia are two examples.

New Hampshire's statute specifically designates the public utilities commission as the entity allowed to bargain with the Power Authority of the State of New York and Canadian officials to secure power capacity and power output. The Public Utilities Commission (PUC) is also allowed to resell the power "on a nonprofit basis to the electric distribution companies, cooperative, municipal and privately-owned without preference or discrimination for distribution within the State." Interestingly, in a section governing purchased power agreements, the statute goes on to specifically discuss interstate transmission and the roles of various State authorities. It reads, "the public utilities commission with the consent of the governor and council is authorized and empowered to enter into contracts for the transmission of such power from the place of purchase to a point, or points, within the State of New Hampshire."[20]

Resource adequacy is not addressed in such specific terms in Georgia's statute. Rather, Georgia discusses broad goals and means of achieving them in **a statute addressing utilities' integrated resource plans (IRPs)**. In an IRP, a utility must adequately demonstrate the "economic, environmental, and other benefits to the State and to customers of the utility, associated with the possible measures and sources of supply including; improvements in energy efficiency; pooling of power; purchases of power from neighboring States…," and describe the "utility's relationship to other utilities in regional associations, power pools, and networks.."[21] While Georgia does not specifically address interstate coordination at the government level, it is interesting to see how the statutes encourage interstate utility coordination.

18 N.J. Stat. Ann. §48:3-78(2007)

19 The Brattle Group. "Survey of Transmission Siting Practices in the Midwest." Edison Electric Institute and Organization of MISO States. November 2004.
<http://www.eei.org/industry_issues/energy_infrastructure/transmission/surveyoftranssitingfinal.pdf >

20 N.H. Rev. Stat. § 363:18-a

21 GA COMP. R. & REGS. 515-3-4-.02 and GA COMP. R. & REGS. § 515-3-4-.05

Societal / Environmental Benefits

Georgia's statute also illustrates a third type that may influence interstate transmission siting. Georgia's statute requires utilities to examine environmental and economic benefits to society at large. This type of language can be categorized as addressing broad impacts on the society resulting from the utility or commission's actions. Employment, economic development, public health, and safety are examples of the societal and environmental impacts discussed in this section. The geographic scope of these statutes ranges from State-centered -- only concerned with the welfare of the citizens within its borders -- to regional, national, or even international in nature.

In Kentucky, the Electric Generation and Transmission Siting Board "**may consider the interstate benefits expected to be achieved by the proposed construction or modification of electric transmission facilities in the Commonwealth**."[22] Likewise, the Kansas Corporation Commission will take into consideration "**the benefit to both consumers in Kansas and consumers outside the State** and economic development benefits in Kansas" when deciding if a new electric transmission line is necessary and where it should be located. Conversely, the commission will also withhold a permit for a transmission line to "best protect the rights of all interested parties and those of the general public."[23] Even more broadly, Indiana will allow the purchase or transmission of electric power generated from "a country outside of the borders of the United States" if it is "necessary for the health and welfare of the citizens of Indiana."[24]

Additionally, the language may have facilitating or non-facilitating connotations. Facilitating language generally encourages the commission to examine anything from the environmental to the economic benefits that may result from certain actions or decisions. Georgia and Kentucky specifically use the word "benefits." On the other hand, some statutes encourage commissions to make decisions to protect the State and its citizens from anything that may harm the reliability of service or its economy. An example of this non-facilitating approach can be seen in Texas' statutes, which instruct the commission to consider whether certain transactions will "result in the transfer of jobs of citizens of this State to workers domiciled outside this State."[25]

The statutes cited above pertaining to societal impacts do not specifically discuss interstate transmission facilities. For this reason, it is interesting to examine South Dakota's statutes since they address the societal impacts resulting from cross-state transmission facilities. The statutes aim to protect the interests of South Dakotans by setting out a list of criteria that must be met in order for the legislature to site an interstate transmission facility. The criteria are as follows:

1. "That the proposed trans-state transmission line and route will comply with all applicable laws and rules;
2. That the proposed trans-state transmission line and route will not pose a threat of serious injury to the environment nor to the social and economic condition of inhabitants or anticipated inhabitants in the siting area;
3. That the proposed trans-state transmission line and route will not substantially impair the health, safety or welfare of the inhabitants;
4. That the proposed trans-state transmission line and route will not unduly interfere with the orderly development of the region with due consideration having been given to views of the governing bodies of effective local units of government; and
5. That the proposed trans-state transmission facility will be consistent with the public convenience and necessity in any area or areas which will receive electrical service, either direct or indirect, from the facility, regardless of the State or States in which area or areas are located."[26]

22 Ky. Rev. Stat. Ann. § 278.714 (Baldwin 2007)
23 Kan. Stat. Ann. § 66-1,180 (2006)
24 Ind. Code §8-1-2-126 or I.C. 8-1-2-126
25 V. T. C. A., Utilities Code § 14.101
26 S.D. Codified Laws Ann. §49-41B-4.2

While the level of detail in South Dakota's statute is not common in other State laws, the focus on the health, safety, and welfare impacts of electric transmission lines does resonate in other States. Examining and re-evaluating these types of statutes may provide a solid basis for improving interstate transmission siting coordination.

Interstate Transmission Needs

A handful of other States have statutes that address interstate transmission from various perspectives including reliability, strategic planning, and specific generation sources such as hydro-electric power and other renewable resources. As with the statutes pertaining to societal impacts the scope of these statutes ranges from State-to-State interactions to regional and even international considerations.

Michigan requires its electric utilities serving more than 100,000 retail customers to file a joint plan with the commission "detailing measures to permanently expand…the available transmission capability by at least 2,000 megawatts over the available transmission capability in place as of January 1, 2000." The plan must include a timeline for accomplishing the expansion, costs, and a list of additional facilities required, and a set of actions and facilities required of "other transmission owners, **including out-of-State entities**."[27]

On a broader scale, Wisconsin considers regional reliability in addition to intrastate electric reliability. In Wisconsin, the governor may **enter into an interstate compact with other States in the upper Midwest that establishes a joint process "to determine the need for and siting of regional electric transmission facilities that may affect electric service in this State."** In order to do this there must be a regional-need determination for transmission facilities and mechanisms for resolving conflicts between States pertaining to the siting of transmission facilities.[28]

Additionally, the commission must prepare a biennial strategic energy assessment that "evaluates the adequacy and reliability of the State's current and future electrical supply." There are a few pieces of this report that speak to interstate transmission coordination. The commission must describe plans for assuring an ample ability to transfer electric power into the State in a reliable manner as well as "assess the extent to which the regional bulk-power market is contributing to the adequacy and reliability of the State's electrical supply." Finally, there are criteria described to govern the construction of proposed high-voltage transmission lines aimed at increasing the transmission import capability into Wisconsin.[29]

The concept of biennial reports on transmission is not unique to Wisconsin, as Minnesota also requires such reporting, but these reports are filed by individual utilities with the commission. The reports must include regional information such as "a copy of the most recent regional load and capability report of the Mid-Continent Area Power Pool or other appropriate regional reliability council," and "a copy of the most recent regional transmission plan produced by the appropriate regional transmission organization."[30] Additionally, the utilities must each describe how they will coordinate their load forecasts with those of other systems including "associate systems in a power poor or coordinating organization." [31] The involvement of utilities in these regional power pools and RTOs provides a ripe means of orchestrating interstate transmission siting processes.

Additional reporting is required by any company that owns or operates transmission within Minnesota. **By November 1 of every odd-numbered year transmission project reports must be filed with**

27 Mich. Comp. Laws Ann. §460.10v (2002)
28 Wis. Stat. Ann. §196.494
29 Wis. Stat. Ann. §196.491
30 Minnesota Rules, part 7848.1300
31 Minnesota Rules, part 7849.0270

the commission outlining inadequacies in the transmission system and ways to address these problems. In order to identify all problems and potential solutions the utilities must hold transmission planning meetings with interested governmental and non-governmental parties. **The transmission needs addressed during these meetings, and in the reports, may exist within Minnesota or adjacent States.**[32] The open meetings and wide scope of the area under consideration make the transmission project reports a platform for discussing interstate transmission lines.

Beyond the geographic scope of Wisconsin and Minnesota, North Dakota's statutes address international relationships and transmission. While the geographic scope is very broad, **the statute only applies to transmission of hydro-electric power coming into the United States**. The statute addresses the need for legislative approval of any facility transmitting hydroelectric power produced outside of the U.S. Many States have statutes requiring commission or legislative approval of electric transmission facilities, but the international scope and particulars of hydroelectric power make this one distinctive.[33]

California's statutes are interesting to examine as they touch on both regional reliability issues mentioned earlier as well as statutes that focus on specific generation options. On the issue of reliable service, a handful of statutes emphasize the importance of ensuring adequate transmission lines connecting generation sources to load centers. While California is ensuring reliable service to its citizens, the **standards used to operate the transmission system are derived from those established by the Western Electricity Coordinating Council and the North American Electric Reliability Council.** The regional and national nature of these two groups provides the potential to encourage interstate transmission coordination. At the same time there is language noting that the more extensive a transmission system is the greater the exposure is to events that could disrupt the entire system.[34] This may create a potential aversion to interstate transmission lines.

The second topic of note discussed in California's statutes is that of transmission requirements to support the State's RPS mandates. The statutes note that "new and modified" electric transmission facilities may be needed to achieve the targets set forth in the State's RPS.[35] Furthermore, the statutes require that the retail seller utilize the following avenues before the commission can find that there is insufficient transmission to meet the RPS requirements:

(I) "Utilize flexible delivery points;"
(II) "Ensure the availability of any needed transmission capacity;" and
(III) "If the retail seller is an electric corporation, to construct needed transmission facilities."[36]

While the statutes noted above do not specifically address interstate transmission lines, they do not exclude such a discussion either. Such language, given the geographic distribution of renewable energy resources in the Western States, may have the effect of encouraging interstate transmission, which would require siting coordination.

Lastly, it is worth examining Ohio's statutes as they are often cited as good examples of language encouraging interstate transmission siting, and Ohio's statutes certainly address many of the issues covered in this review of States' statutory language. As illustrated previously, the statutes include language encouraging interstate coordination through cooperation, joint hearings, and interstate compacts.[37] While a number of States' statutes reflect these abilities, it is interesting to note that Ohio has used this language to bestow upon the Ohio Power Siting Board the authority to participate in international collaborations.

32 Minnesota Rules, part 7848.0900
33 N.D. Cent. Code §49-22-09.1
34 West's Ann. Cal. Pub. Util. Code § 334
35 West's Ann. Cal. Pub. Util. Code § 399.11(e)
36 West's Ann. Cal. Pub. Util. Code § 399.14(c)
37 OH. Rev. Code §4906.14 (1981)

A portion of this statute reads,

"The power siting board, in the discharge of its duties under Chapter 4906. of the Revised Code, may make joint investigations, hold joint hearings within or without the State, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any State or of the United States…."

The statute clearly gives the power siting board the ability to cooperate with DOE. As DOE engages in international collaborations and negotiations, then so too may the Ohio Power Siting Board through power derived from its ability to work with the federal government. While the statute does not make an explicit reference to international cooperation, interpretation of the statute has given Ohio the ability to partake in such efforts.

Additionally, Ohio's statutes speak to intrastate and regional reliability as approval of electric transmission lines depends upon the facility being "consistent with regional plans for expansion of the electric power grid of the electric systems serving this State and interconnected utility systems and that the facility will serve the interests of electric system economy and reliability."[38] Due to this encompassing language, many consider Ohio's statutes as enabling it to develop a one-stop shop for transmission siting, including interstate transmission lines.

State statutes can be a tool to facilitate regional dialogues on the topic of interstate transmission siting. While some statutes direct State involvement in regional entities like RTOs or form interstate compacts, it is important to be aware of other opportunities to foster interstate coordination. The next section identifies a number of venues that may help facilitate such cooperation.

IV. What Mechanisms exist where coordination is taking place?

Some States direct the public utility commissions to coordinate interstate transmission siting through particular forums. As noted above these forums include Regional Transmission Organizations/Independent System Operators (RTO or ISO) or the North American Electric Reliability Council. This section will briefly examine the potential of each of these mechanisms to aid interstate coordination, as well as other avenues for regional transmission siting organization. These other mechanisms include NARUC affiliates groups, interstate compacts, and Electric Reliability Organizations (ERO). While some of these mechanisms have greater governing authority than others, they all, at the minimum, provide a platform for regional dialogue.

RTOs and ISOs

The most common reference in this examination of State statutes to an existing mechanism for regional transmission siting coordination is an RTO or ISO. As mentioned earlier , an RTO is an organization that is established to control and manage the transportation and flows of electricity over an area that is generally larger than the typical power company's distribution system (see Figure 1). ISOs and RTOs typically perform the same functions; however, ISOs usually operate within a single State. Regional State committees have been established within a few of these RTOs to discuss, among many other issues, interstate coordination and communication relating to transmission within a region. These include the Organization of MISO States (OMS), Organization of PJM States, Inc. (OPSI), and Southern Power Pool Regional State Committee (SPP RSC).

38 OH. Rev. Code §4906.10 (1981) and OH. Admin. Code §4906-15-02

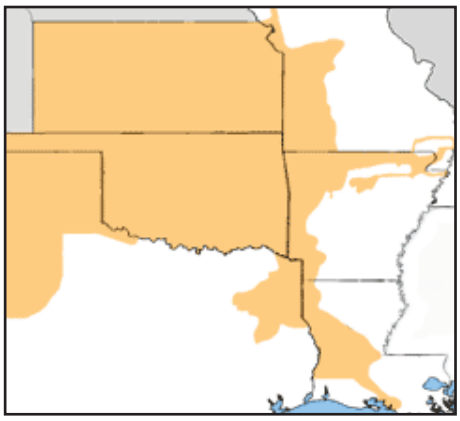
OMS was the first regional State committee formed and it was incorporated in 2003. This organization provides guidance in policy decisions to MISO and develops cost allocation policies for the expansion of regional transmission. Through OMS, many subcommittees were formed to support various functional areas. The OMS Northwest Subgroup is comprised of staff from five States including Iowa, Minnesota, North Dakota, South Dakota, and Wisconsin. **Its purpose is to understand the five States' permitting and siting processes, explore ways it can communicate and coordinate activities on transmission line permit applications that cross State lines, and coordinate the planning of a proposed transmission line with all affected States.** The OMS Northwest Subgroup plans to publicize information gleaned from tasks it is working on, which may be used by other States as examples for coordinated siting efforts.

OPSI serves a similar purpose - to coordinate regulatory relations among the State utility boards and commissions that oversee utilities within the PJM electric transmission grid. These State agencies include the public utility commissions (or a similar board or department) of: Delaware, the District of Columbia, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia. OPSI provides these commissions a formal means to work together on issues of mutual interest related to PJM operations; the electricity generation and transmission system serving the PJM States; FERC matters; and systems within the States' boundaries.

Likewise, the SPP RSC provides collective State regulatory agency input on matters of regional importance related to the development and operation of bulk electric transmission. The SPP RSC is comprised of retail regulatory commissioners from agencies in Arkansas, Kansas, Missouri, Oklahoma, and Texas.

In the Western United States, the only developed RTO is in California, but states coordinate on specific planning projects like RMATS, as well as through the Committee on Regional Electric Power Cooperation (CREPC) and the Western Interstate Energy Board (WIEB).

Figure 2.
Southwest Power Pool Operating Region



(Source: Southwest Power Pool, Inc. 2008. http://www.spp.org/section.asp?pageID=28)

Across a large portion of the country, regional organizations are proving to be a means of coordinating the operation of the region's power delivery system. Involvement in an RTO or other regional entity may help facilitate coordinated planning for a regional electric system, but is important to note that such a body is not necessarily an appropriate or desirable avenue for coordination in every part of the country.

NARUC Affiliates

The National Association of Regulatory Utility Commissioners' (NARUC) affiliate groups are yet another set of organizations that could be utilized for regional transmission discussion. These affiliates include:

- Mid-America Regulatory Conference (MARC)
- Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC)
- New England Conference of Regulatory Utility Commissioners (NECPUC)
- Southeastern Association of Regulatory Utility Commissioners (SEARUC)
- Western Conference of Public Service Commissioners (WCPSC)

The oldest of these organizations is the NECPUC, which was established in 1947. More recently, in 2003, the Mid-Atlantic Conference of Regulatory Utility Commissioners adopted its by-laws. Today, ev-

ery State in the nation belongs to one of these affiliate groups, which meet regularly, although without the expressed interest in interstate transmission siting. MACRUC describes their purpose as one to "promote the region-wide advancement of public utility regulation and the related regulatory, legislative, and policy interests of MACRUC membership, consistent with MACRUC member State public utility commissions…."[1] NECPUC and the other affiliate groups serve a similar purpose. NECPUC's website also notes that it has "no independent regulatory authority."[2] In fact, **none of the affiliates have any regulatory authority** to compel States to comply with their decisions, which is an important consideration when determining the appropriate venue for discussing interstate transmission siting. Since decisions are non-binding, and thus cannot be enforced, NARUC regional affiliates may provide a good venue for bringing States to the table for open discussion on sensitive subject matter without fear of commitment.

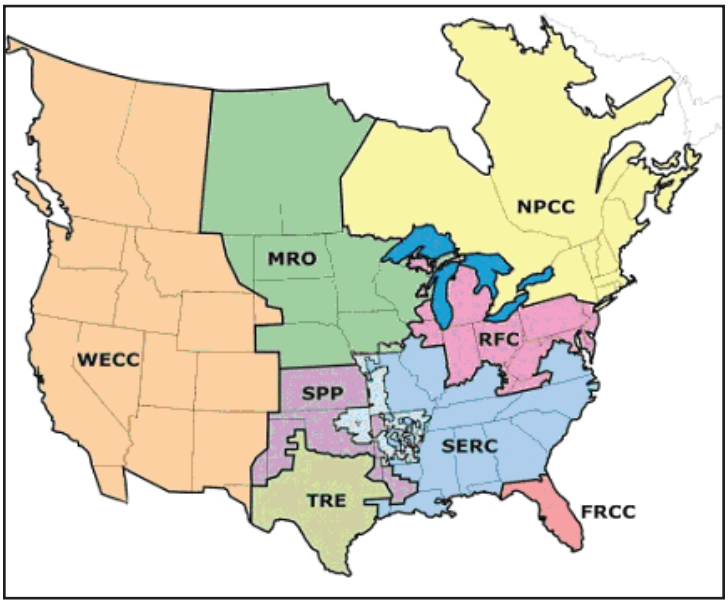
NERC

Another national organization with regional affiliates that may be able to facilitate interstate transmission siting coordination is the North American Electric Reliability Corporation (NERC). Approximately two years ago, the EPAct 2005 authorized the creation of a "self-regulatory electric reliability organization (ERO)" spanning North America.[3] Under this legislation, FERC was granted oversight of the ERO in the Unites States. On July 20, 2006 FERC issued an order certifying NERC as the ERO for the United States. NERC's mission is to "improve the reliability and security of the bulk power system in North America. To achieve that, NERC develops and enforces reliability standards; monitors the bulk power system; assesses future adequacy; audits owners, operators, and users for preparedness; and educates and trains industry personnel. NERC is a self-regulatory organization that relies on the diverse and collective expertise of industry participants."[4] As the ERO, compliance with NERC's regional reliability standards is mandatory and enforceable.

Like NARUC, NERC works with regional affiliates. **Eight Regional Reliability Councils work to advance NERC's goal of improving the reliability of the bulk power system.** Members of these councils include investor-owned utilities, federal power agencies, rural electric cooperatives, State, municipal and provincial utilities, independent power producers, power marketers, and end-use customers. **This wide membership accounts for nearly all the electricity supplied in the country, Canada, and Baja California Norte, Mexico.**[5] The following are the names of the councils throughout the country:

- Electric Reliability Council of Texas, Inc. (ERCOT)

Figure 3. North American Electric Reliability Corporation



(NERC, 2008. http://www.nerc.com/regional/)

1 MACRUC.org. Mid-Atlantic Conference of Regulatory Utility Commissioners. October 16, 2007. <http://macruc.narucmeetings.org/mission.html>
2 NECPUC.org. 2002. New England Conference of Public Utility Commissioners. October 16, 2007. <http://www.necpuc.org/index.htm>
3 NERC.com. 2007. North American Electric Reliability Corporation. October 16, 2007. <http://www.nerc.com/about/ero.html>
4 NERC.com. March 23, 2004. North American Electric Reliability Corporation. October 16, 2007. <http://www.nerc.com/>
5 NERC.com. 2007. North American Electric Reliability Corporation. October 16, 2007. <http://www.nerc.com/regional/>

- Florida Reliability Coordinating Council (FRCC)
- Midwest Reliability Organization (MRO)
- Northeast Power Coordinating Council (NPCC)
- ReliabilityFirst Corporation (RFC)
- SERC Reliability Corporation (SERC)
- Southwest Power Pool, Inc. (SPP)
- Western Electricity Coordinating Council (WECC)

Additional information on the individual councils can be found at http://www.nerc.com/regional/.

Another important aspect of the NERC is the work that is done through its committees. The Planning Committee oversees various aspects of transmission siting through subcommittees including the Transmission Issues Subcommittee. This subcommittee exists to "promote the reliability (adequacy) of the interconnected bulk electric transmission systems in North America, and provide a forum to address the planning and adequacy of those transmission systems."[6] **The subcommittee develops guidelines and other means to coordinate system planning studies of intra- and inter-regional transmission systems.** They also assist the NERC in communicating transmission planning and reliability issues with legislators, regulators, and other government agencies and officials. The perspective of NERC members is a critical to the development of reliable and efficient regional transmission systems. More information on all of NERC's committees can be found at http://www.nerc.com/committees/.

Interstate Compacts

One final mechanism available to coordinate interstate transmission siting is an interstate compact. Compacts enable States to act jointly and collectively, generally outside the confines of the federal legislative or regulatory process while respecting the view of Congress on the appropriateness of joint action. Unlike federal actions that impose unilateral, rigid mandates, compacts afford States the opportunity to develop dynamic, self regulatory systems over which States can maintain control through a coordinated legislative and administrative process. Interstate compacts enable the States to develop adaptive structures that can evolve to meet new and increased challenges which naturally arise over time.
For example, Idaho, Montana, Oregon, and Washington entered into an interstate compact as a means of coordinating the usage of key resources common to all four. Authorized by the Northwest Power Act of 1980, and approved by a vote in the four State legislatures, the States established the Northwest Power and Conservation Council. One of the Council's responsibilities is to maintain a regional power plan to balance the Northwest's energy and environment needs.[7] In May 2005, *The Fifth Northwest Electric Power and Conservation Plan* was released. This report is the first instance of the Council directly addressing transmission reliability and efficiency issues of the region in the regional power plan.[8] **While the Council outlines the challenges facing the regional transmission system, they do not identify themselves as a body through which to solve these problems**. Rather, a group like that of Grid West, is the appropriate entity to reform and advance the regional transmission system.[9] The Council recognizes that transmission adequacy is a regional concern that will require regional solutions.

6 NERC.com. March 23, 2004. North American Electric Reliability Corporation. October 16, 2007. <http://www.nerc.com/~pc/tis.html>
7 NWCouncil.org. Northwest Power and Conservation Council. October 16, 2007. <www.nwcouncil.org>
8 "The Fifth Northwest Power and Conservation Plan." NWCouncil.org. May 2005. Northwest Power and Conservation Council. October 16, 2007. <http://www.nwcouncil.org/energy/powerplan/plan/(09)%20Transmission.pdf>
9 At the time the report was issued, the Council supported the efforts of the Regional Representatives Group (RRG) of Grid West.

The interstate compact that created Northwest Power and Conservation Council occurred over 20 years ago. However, with the passing of the Energy Policy Act in 2005, the role that interstate compacts play in transmission siting is likely to change. **In Section 1221 of EPAct 2005, the consent of Congress is given for three or more contiguous States to enter into an interstate compact, subject to approval by Congress, to establish regional siting agencies to facilitate siting of future electric energy transmission facilities within those States.** These regional siting agencies will also carry out the electric energy transmission siting responsibilities of those States. These agencies will have the authority to review, certify, and permit siting of transmission facilities, including facilities in national interest electric transmission corridors.[10]

As for the interaction between the regional siting agencies and the federal government, DOE may provide technical assistance to any regional siting agencies established under Section 1221. Additionally, **FERC shall have no authority to issue a permit for the construction or modification of an electric transmission facility within a State that is a party to a compact**, unless the members of the compact are in disagreement and DOE makes finds it appropriate to do so.[11] Colorado, Wyoming, Utah, and potentially New Mexico are already exploring the possibility of an interstate compact as a means to address arduous, and often lengthy, interstate transmission siting processes. This compact aims to retain State authority over transmission siting in light of FERC's expanded capabilities in this area.

With all of these mechanisms, States and other transmission stakeholders are searching for ways to improve fundamental components of regional transmission systems including capacity, efficiency, and reliability. These parties are also looking for ways to overcome the general "not-in-my-backyard" attitude that often results during transmission siting discussions. Each mechanism has its benefits and limitations, and differing methods of regional coordination may work for the various regions of the country. An understanding of the workings of each of these mechanisms, the changing federal landscape, and the statutes upon which a State's ability to coordinate are based are key to finding adequate solutions to problems of interstate transmission siting.

I. Recommendations

As the electric system and the utility industry have developed over time, an interesting situation has arisen; State decision-makers must now take many regional and national considerations into account. Interstate transmission siting is one area that requires State policymakers to wield such a broad perspective. As implied in this paper, understanding State statutes and their effect on interstate coordination and transmission siting may be a first step in facilitating future conversations and actions that address State, regional, and national energy and infrastructure needs. Matters ranging from fulfilling RPS requirements to recent federal activities may serve as an impetus to advance such coordination. While individual statutory differences exist it is important for States to find a means for cooperation and coordination on this important issue at such a critical time.

Potential steps that State decision-makers can take may include:

States may want to review their statutes to understand any language that may facilitate or prevent interstate transmission siting coordination.

- States interested in fostering greater interstate coordination should understand whether language in their statutes creates opportunities or impedes regional coordination, and if they deem that language has an unintended policy consequence, reform may be an avenue to consider.

10 Section 216(i) of the FPA
11 Section 216(i) of the FPA

- **States may want utilities within their jurisdiction to identify transmission needs both in and outside of their service territories that may affect electric service in their State and region.** State commissions may want to request that utilities assess available transmission and transmission system inadequacies affecting the State as well as detail measures for expanding the transmission system in reports to the commission. The scope of these reports may be beyond State borders.

- **States may wish to consider both intrastate and interstate benefits of transmission infrastructure.**
  Where appropriate, vehicles such as an RTO exist to give the appropriate context; States may wish to consider the environmental, economic, and health and safety benefits, in addition to the costs, that may result from interstate transmission siting for consumers in their State and more broadly in their respective region. Having a vehicle such as an RTO may provide the basis for a long-term strategy of equity in future decisions that share regional costs and benefits – future interstate decisions may be more likely to provide "payback."

Significant coordination may best be done on a regional scale. This paper identified multiple venues that may facilitate interstate transmission coordination, but are not currently being used for such activity in an effective manner.

- **States may consider using existing venues such as RTOs, affiliated State committees, electric reliability regions, NARUC or other association venues, or NARUC regional affiliates to facilitate bilateral and multilateral interstate transmission dialogue. States may wish to consider other means such as interstate compacts or agreements as needs dictate.**

This paper focused on new transmission siting, and did not discuss solutions such as improved demand-side efforts and more efficient use of existing transmission and transmission pathways. This is not to suggest that these are lesser strategies, in fact, they may be the more appropriate alternative in many cases. A companion document, "A Primer On Non-Wires Alternatives To Transmission" is being published by the National Council on Electricity Policy in the fall of 2008. Moreover, with local, State, interstate, and State-federal interactions and decisions offering numerous points of scrutiny and challenge, it is easy to casually dismiss the siting of new interstate transmission lines as impossible. In cases where system planners have identified a need for new transmission, however, there may be cases where the cost of inaction dramatically outweighs the challenges faced in siting. For policymakers interested in moving forward on interstate siting coordination, understanding one's own State policy goals, underlying legal frameworks, regional organizations, and other potential directions for moving forward may be the way to overcome what looks, from a distance, to be impossible.

(Footnotes)

1 Most statutes in this category read like that of the State of North Carolina: It is hereby declared to be the policy of the State of North Carolina…To cooperate with other states and with the federal government in promoting and coordinating interstate and intrastate public utility service and reliability of public utility energy supply…" N.C. Gen. Stat. § 62-2(2005)

2 Minnesota's statute is representative of most statutes in this category: "In the discharge of its duties under Laws 1974, chapter 429, the commission or the department may cooperate with similar commissions of other states and any federal agency and may hold joint hearings and make joint investigations with other commissions." Minn. Stat. § 216B.19(2006)

3 Michigan's statute is representative of the group: "Under interstate compacts or agreements or under the concurrent power of states to regulate interstate commerce, or as an agency of the federal government, or otherwise, the Commission may act jointly or concurrently with an official board or commission of the United States or a state in a proceeding relating to the regulation of a public service company."

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