



Americans for a  
Clean Energy Grid

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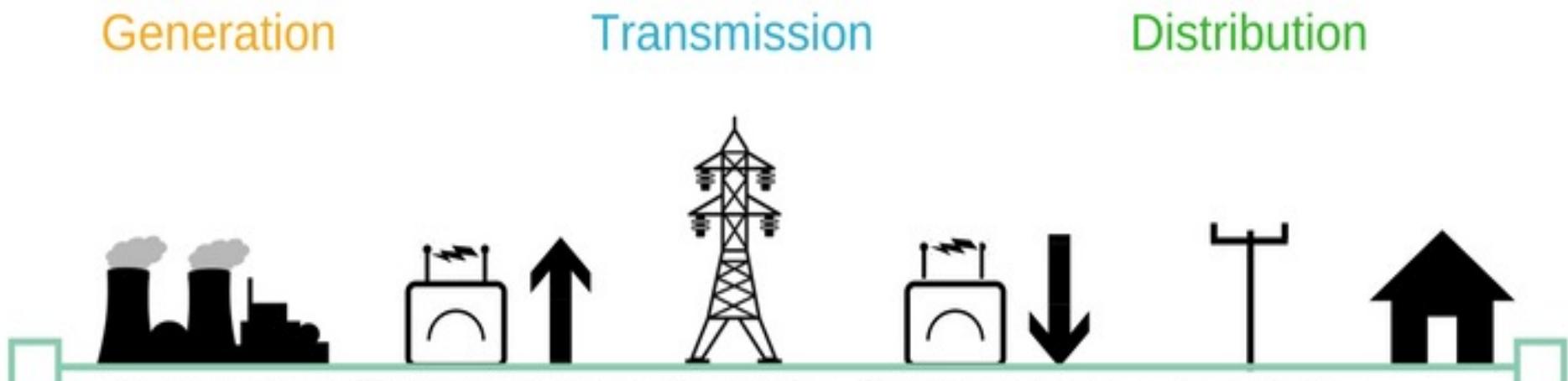
# **NASEO presentation: Opportunities for Pragmatic Solutions**

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# Jurisdictional Level Set

Federal Power Act provides for division of jurisdiction	
States	Federal
Generation	Wholesale sales
Distribution facilities and “intrastate transmission”	Interstate transmission
Facilities for transmission where energy is consumed by transmitter (co-located facilities?)	“such Federal regulation, however, to extend only to those matters which are not subject to regulation by the States.”

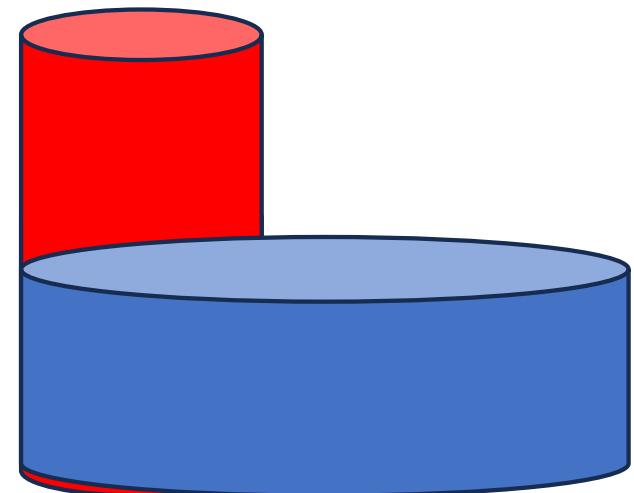


## Jurisdictional Lines Get Blurred

- Courts have held that commingled energy is interstate, making all transmission “interstate” unless explicit exceptions apply (see ERCOT bc it’s only in Texas)
- FERC invited state input in regional/multi-state planning and cost allocation
  - \*\* States have a role in siting transmission, but feds have jurisdiction – this statutory blurring of lines led to a creative solution by FERC
- ANOPR addresses large load interconnection with transmission
  - \*\* Typically, states regulate customer interconnection with the load serving entity (LSE), because the state regulates retail service to customers
  - \*\* If FERC regulates interconnection, who regulates service?
  - \*\* State policies over retail service are not uniform – some allow choice
- States regulate generation choices, but feds regulate wholesale energy
  - \*\* Recent changes in fed interconnection impacts state resource choices

# Why Transmission is Key

- Multi-value planned, high-capacity, multi-state transmission – planned well – provides access to all kinds of resources, which reduces costs and enhances reliability for ALL customers  $\sim \$5$  benefits for every \$1 invested in transmission
- Large loads face conflicting goals: Short-term need for Speed to Power, Long-term Reliability and Sustainable Development Processes
- For the benefit of all customers, large loads should be integrated into the grid, long-term – drives new investment into the grid that serves all customers, rather than a redundant system that separates haves from have-nots
- Rates mechanisms may need tweaks, accurate forecasting is essential



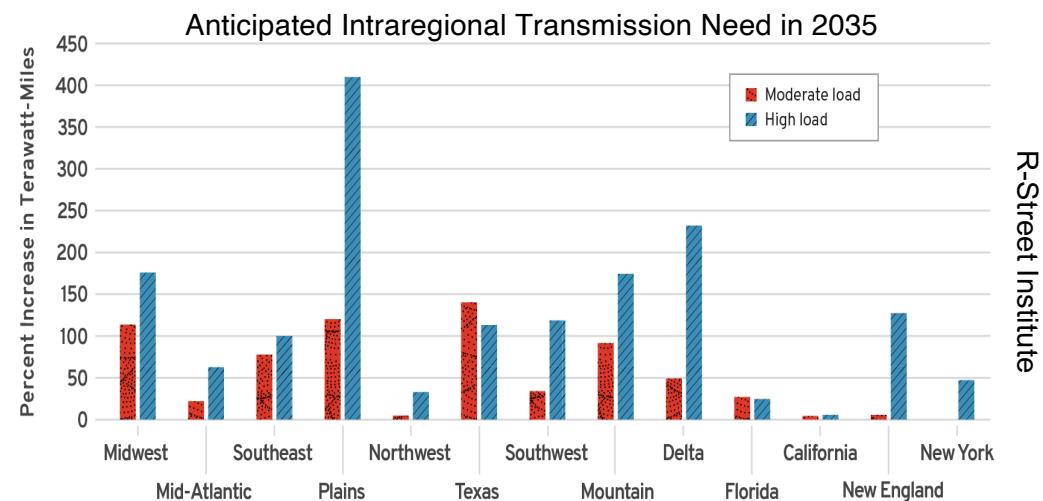
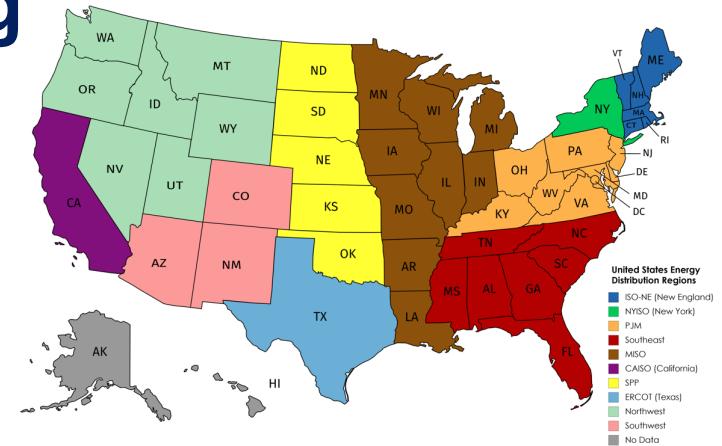
## 3 P's: Planning

FERC requires transmission owners to plan regionally

FERC recently updated rules, providing a role for states

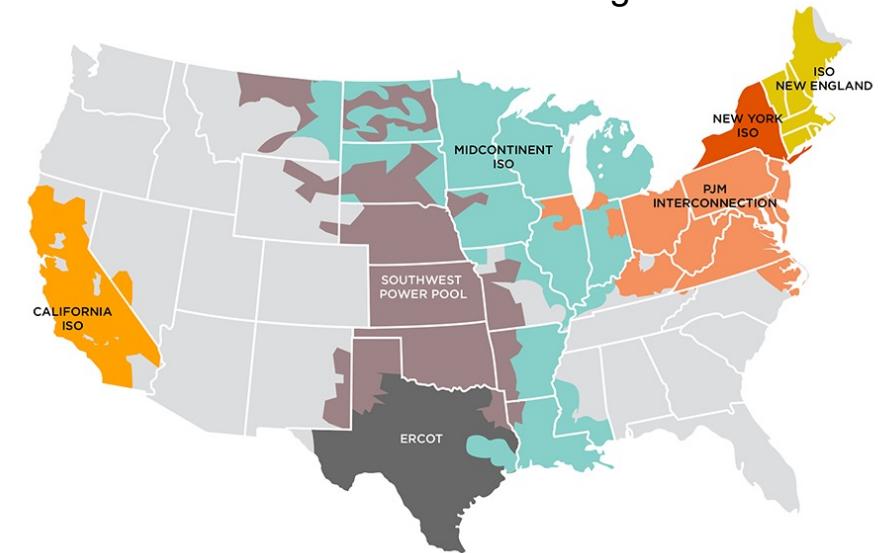
Order No. 1920 requires:

- 20-year look ahead
- Multi-value planning
- Federal determination for cost allocation
- States have input in planning, and first pass at cost allocation



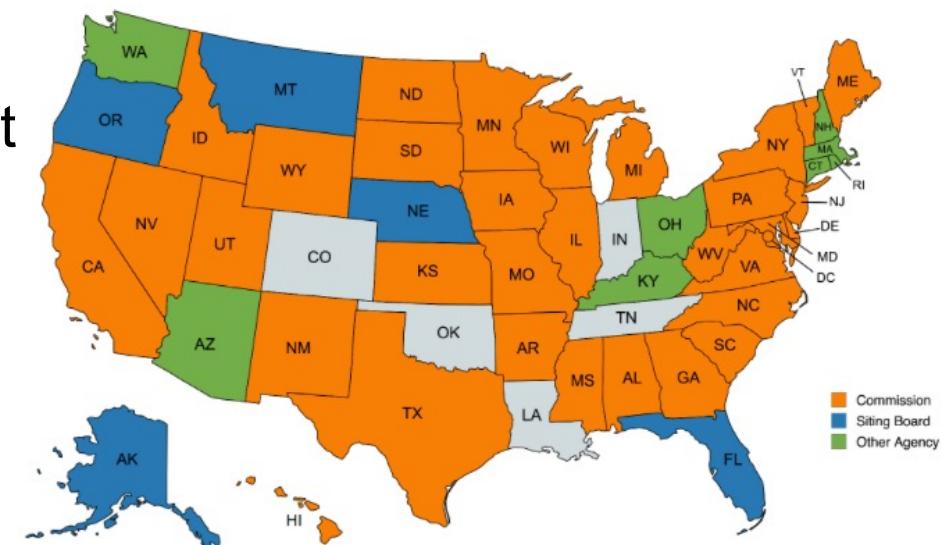
## 3 P's: Paying

- Regional transmission is paid for by a region allocating costs in its tariff so that **beneficiaries pay** – customers pay in proportion to how much they benefit from the line; customers that do not benefit do not pay
- O.1920 provides a standard definition of “transmission benefits” focused on economic and reliability benefits
- Where benefits exceed costs by an amount agreed upon in the tariff, projects move forward (max 1.25:1)
- Different regions have different allocations: SPP has highway/byway, others allocate based on own formula
  - In organized markets, costs flow through fed tariffs
  - Outside organized markets, transmission bundled with retail/distro service flows through state rates



## 3 P's: Permitting

- Feds site on federal land; states site on state, private land
  - \*\*This is different than pipelines, where feds site everywhere!
- Where states site multi-state transmission under regional direction, site for regional benefits, but ensure state-appropriate costs
- States can:
  - \*\*coordinate in a multi-state compact
  - \*\*coordinate with DOE on one-stop permitting under 216(h)
  - \*\*hold feds feet to the fire



***Federal backstop siting  
has been ineffectual.***

## Congress is actively considering reforms

- Permitting reform (SPEED Act) passed the House. It would:
  - \*\* shorten timelines under federal environmental review
  - \*\* reduce the ability to sue under federal enviro laws, and
  - \*\* limit the scope of state review under the Clean Water Act
- Transmission provision under consideration in Senate would:
  - \*\* provide for FERC cost allocation upon application
  - \*\* require interregional transmission planning
- Other bills pending:
  - \*\* presumption of cost recovery for using enhanced cables
  - \*\* remove DOE-designated corridors for federal backstop siting
  - \*\* transmission tax credit to reduce costs passed to customers

***Thank you!***

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