U.S. Sets New Rules To Break Power Grid Logjams

BY SCOTT PATTERSON

WASHINGTON—A littleknown but powerful regulator has finalized sweeping new rules designed to expand the construction of big power lines and bring more renewable energy to U.S. homes and businesses.

The rules approved by the Federal Energy Regulatory Commission, which oversees wholesale electricity markets, are expected to make it easier for big regional transmission projects to get approval.

FERC approved two rules Monday, one that will require companies that produce and transmit electricity to weigh factors such as supply and demand over at least two decades and another that addresses permitting of critical projects in areas that lack adequate transmission capacity.

The rule requiring longterm planning is "the biggest single action by the federal government to advance transmission," said Rob Gramlich, president of Grid Strategies, a power consulting firm.

The long-term plans will need to account for the impact of extreme weather tied to climate change along with the cost of projects. By expanding transmission capacity, regions hit by weather disasters will be more resilient because they can access power from other parts of the country.

Most utilities already plan for future demand and other contingencies, but few do so decades in the future. What has resulted is a largely adhoc national grid that has at times left utilities behind the curve amid shifting power generation technologies, demand and destructive weather events fueled by climate change.

In Georgia, the state's main utility, Georgia Power, has increased demand projections sixteen-fold and plans to burn more natural gas to meet that demand. Virginia's largest utility, Dominion Energy, which supplies electricity to most of the state's data centers, expects their power use to quadruple over the next 15 years, representing 40% of the utility's demand in the state.

"Our country is facing an unprecedented surge in demand for affordable electricity while confronting extreme weather threats to the reliability of our grid and trying to stay one step ahead of the massive technological changes we are seeing in our society," FERC Chairman Willie Phillips said Monday.

Republican Commissioner Mark Christie voted against the long-term planning rule, which he said is unfair to consumers and oversteps FERC's authority.

Across the U.S., plans for myriad new power projects, largely wind and solar, are languishing due to delays in their ability to connect to the grid. The backlog of new power projects, mostly solar, wind and battery storage, seeking to connect to the grid jumped by 30% in 2023 from the previous year, according to a recent report by the Lawrence Berkeley National Laboratory. New projects "are mired in lengthy and uncertain interconnection study processes," the report said.

The rule is designed to push projects that benefit ratepayers, resulting in more transmission capacity that can deliver cheaper electricity. It also addresses how costs are spread out among ratepayers in projects that include multiple states.

"Cost allocation is a huge issue, and it's a contentious one," said Larry Gasteiger, executive director of Wires, a trade association.

Critics of the rule say it could clash with oversight of utilities by local regulators and potentially lead to increases in consumer bills. Several Republican attorneys general have threatened to sue the government over the rule, claiming FERC is overstepping its authority in a bid to bring more clean energy onto the grid.