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Report: U.S. Energy Sector Reaches Turning Point on Transmission

Report from Troutman Pepper law firm identifies alignment of federal planning and state siting and permitting processes as key to solving age-old transmission problem. FERC reforms and DOE funding opportunities also promise incremental gains. Market actors call for greater efficiency in interconnection and permitting processes, as well as support to address skills gaps, supply chain shortages, and consumer costs.

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NEW YORK — The stars may finally be aligning to enable the build out of significant new transmission capacity in the U.S. energy market, according to the latest industry insight report from law firm Troutman Pepper.

The report, *Unlocking U.S. Transmission Upgrades – Are We on The Cusp of Real Progress?* ([available here](#)), launched today, reflects upon the views of a range of market actors seeking to plan, build or benefit from new transmission infrastructure. It argues that recent legislative reforms, funding opportunities, and improved state-federal coordination have created an opportunity for energy companies and regulators to converge on solutions and remove long-standing roadblocks to new transmission.

Chris Jones, Partner at Troutman Pepper, explained: “The traditional gap between federal planning standards and state siting and permitting processes has unquestionably impeded efforts to upgrade U.S. transmission infrastructure. But there are signs these previously divergent processes can begin pulling in the same direction. If the energy sector and its regulators are able to seize the moment, we could see a step change in building out the low carbon grid the U.S. so urgently needs.”

Having interviewed transmission experts tasked with delivering transmission upgrades, as well as energy companies dependent upon their success, the report finds four major obstacles to progress:

- 1. Planning:** The unpredictability of interconnection queues remains a severe headache for project developers. But transmission planners also suffer from the uncertainty created by speculative generation projects.
- 2. Permitting:** Without a major streamlining of processes across state and federal jurisdictions, grid upgrades simply take too long to permit.
- 3. Practicalities:** A shortage of skilled people and essential equipment threaten to present future pinch points unless addressed today.
- 4. Paying for upgrades:** The build-out of new transmission capacity is capital-intensive and the industry will need

to clearly communicate the benefits while passing a fair proportion of cost to consumer bills.

Despite these obstacles, the report finds that recent and ongoing regulatory reforms paint a compelling case for optimism:

1. The Federal Energy Regulatory Commission is seeking to **increase certainty for transmission planners**, most notably through its recent rule, Order No.2023.
2. The Federal Government is looking to **boost FERC's leadership role**, with the notion of one agency in overall charge being well supported on Capitol Hill.
3. The Infrastructure Investment and Jobs Act and the Inflation Reduction Act have both provided legislative vehicles to **stimulate multi-agency coordination**, backed up by a raft of new programs, initiatives, and grants from DOE.
4. **FERC has begun to engage with state policymakers and regulators**, most notably through the 'Joint Federal-State Task Force on Electric Transmission.'

Bridging the traditional gap between planning and permitting holds the key to unlocking U.S. transmission upgrades. Having found this to be well underway, the report concludes that, with a continued commitment to coordination from all parties, the prospects for a low carbon U.S. grid may never have been higher.

Unlocking U.S. Transmission Upgrades: Are We on The Cusp of Real Progress? can be [downloaded here](#).

About Troutman Pepper

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