NEXTGEN HIGHWAYS

FACT SHEET

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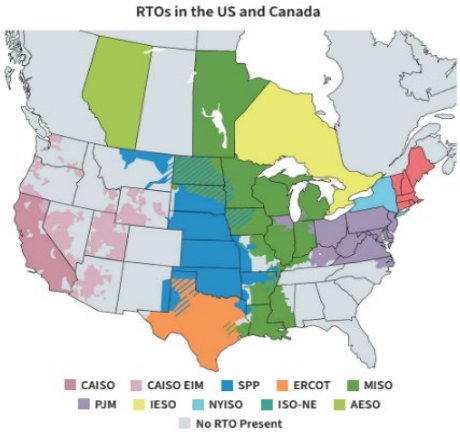
The Role of Regional Transmission Organizations

The United States differs from many other countries in that no single agency has sole responsibility for all parts of the transmission grid that carry power from where it's produced to where it's used. Authority over the planning, building and operation of electric transmission is divided among state, regional, and federal agencies. Decentralization remains one of the many reasons why there is no national transmission system enabling the movement of electrons at a national scale in a manner similar to the federal highway system.

Historically, each utility company built the power plants and wires needed to provide electric service to its own customers. Each company operated as a vertically integrated, regulated monopoly. However, the industry has and continues to evolve. For roughly two-thirds of the country, the transmission grid is now planned on a regional, multi-state basis by Regional Transmission Organizations (RTOs).

More than twenty years ago, the Federal Energy Regulatory Commission (FERC) encouraged the voluntary formation of RTOs in the United States. RTOs now oversee transmission grids in seven regions across the United States and Canada, facilitating more efficient grid planning and operation. RTOs, which are regulated by FERC, operate as non-profit, public benefit organizations with a mission to provide affordable, reliable power.



Two-thirds of the nation's electricity load is now served in RTO regions. These organizations manage the transmission lines for multiple utilities and administer competitive wholesale power markets within those regions. Utilities and independent power producers can participate in these bid-based markets.

RTOs also work with stakeholders, through a planning process, to identify when and where new transmission lines are needed. However, while this process identifies the endpoints and electrical attributes for a given line, it does not identify detailed routes for transmission lines.

State regulators ultimately approve transmission line projects in their states and the routing of those projects. Accordingly, states have significant influence over the RTO's transmission expansion planning decisions.

As regional organizations that coordinate closely with utilities and regulators, RTOs are well-positioned to advance the concept of prioritizing the use of existing highway rights-of-way (ROW) for new transmission. The use of existing ROWs to deploy needed energy infrastructure aligns well with the obligation of RTOs to serve the public and helps to do so with minimal societal impact.

SOURCES

- Federal Energy Regulatory Commission: Electric Power Markets – National Overview
- Resources for the Future: US Electricity Markets 101

About NextGen Highways

The NextGen Highways is a collaborative initiative promoting the use of highways and other existing rights-of-way as infrastructure corridors where electric and communications infrastructure are strategically and safely co-located in existing highway right-of-way. Learn more at http://www.NextGenHighways.org