

Table of Contents

Acronyms and Abbreviations..... 5

Introduction 7

Summary..... 9

Overview of Transmission Investment Levels 11

History of Electric Power Transmission Investment..... 11

Impact of Open Access and Deregulation on Transmission..... 12

Reasons for Inadequate Transmission Investment..... 13

The Need for Increased Transmission Investment..... 15

Impact of Inadequate Transmission Investment 15

The Need for Incentives..... 17

FERC Order 679 19

Background of the Order..... 19

The Intent of the Order..... 20

Standards for Approval of Incentive-Based Rates..... 22

Specific Incentive-Based Rate Treatments..... 23

Rehearing of the Order 27

Application of Incentive-Based Rate Treatments by FERC 28

The Role of TransCos in Transmission Investment..... 30

Overview of TransCos 30

FERC’s Definition of a TransCo..... 31

Incentive-Based Rate Treatments for TransCos..... 31

The Track Record of TransCos..... 33

Increasing Transmission Investment for Renewable Energy..... 36

California Renewable Energy Transmission Initiative..... 36

Colorado Clean Energy Development Authority 37

Colorado Senate Bill 100 37

New Mexico House Bill 188 39

Nevada Renewable Energy Transmission Access Advisory Committee 40

Texas Competitive Renewable Energy Zones..... 41

Wyoming Infrastructure Authority..... 41

Clean Renewable Energy and Economic Development Act..... 42

Merchant Transmission as an Alternative 44