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January 10, 2025

Subject: Southwest Power Pool: 2024 ITP Short-Term Reliability Projects

The Industrial Energy Consumers of America (IECA) is in opposition to all 2024 ITP Short-Term Reliability (STR) transmission projects. The SPP proposal is inconsistent with Federal Energy Regulatory Commission (FERC) Order 1000 and results in unjust and unreasonable consumer rates.

It is stunning that while the country and policymakers are deeply concerned about inflation, SPP would advance a proposal that will saddle consumers in SPP with higher electricity rates for decades to come, while SPP monopoly utilities receive 11-13 percent ROEs.

One hundred percent of IECA's member companies are energy-intensive manufacturing companies, which means that relatively small increases in the price of electricity can have a direct negative impact on our ability to compete with imported products from countries like China, whose industrial electricity prices are subsidized. IECA has thousands of manufacturing facilities throughout the SPP states, employing hundreds of thousands of people and paying family living wages.

IECA manufacturing companies face competition every day. Yet, incumbent utilities in SPP, under your plan, will not face competition for billions in new transmission spending. The plan is irresponsible and inconsistent with providing consumers with just and reasonable rates.

Incumbent utilities are monopolies and do not have an incentive to reduce the cost of building or improving transmission projects. The plan makes clear that you are working for the utilities, not ratepayers, because there is no justification for this plan other than to give incumbent utilities everything they want, including the evasion of competition.

We will be sure to discuss this with Senators in Washington, DC from SPP states and the FERC.

When transmission projects are competitively bid, we have seen cost reductions of 25-30 percent, avoiding billions in higher electricity costs. Transmission costs are manufacturing's highest increased energy costs. Transmission costs have been and

will continue to escalate in SPP because of the failure of SPP to embrace transmission competition.

When transmission projects are competitively bid there is accountability. There is increased oversight. Projects are planned better, which means they deliver increased benefits versus costs to consumers. Competitive bidding can result in projects with capped costs, lower ROEs, and sometimes penalties for failing to finish the project on time. All of which improve the quality of the grid at lower costs.

We oppose all 2024 ITP STR projects. The proposal uses known unachievable project need dates in the staging process which, in our view, is specifically designed to avoid competition.

Furthermore:

- a. The language of the tariff does not support SPP's current implementation approach.
- b. Direct assignment does not lead to faster project delivery.
- c. The TOSP provides for better accountability than direct assignment.
- d. The current assumed lead times are unrealistic, which makes it easier to justify direct assignment.
- e. The current approach sets precedent that negatively impacts the national transmission system and regional planning emphasis.
- f. Increases the potential for significant additional costs per project plus enormous potential for cost overrun and delays because there is no accountability.

Billions in higher consumer costs are at stake. We urge you to not advance this proposal which is anti-consumer, anti-competition, and anti-free market.

Sincerely,

Paul Cicio

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President & CEO

cc: Senator Amy Klobuchar (D-MN)
Senator Ben Ray Lujan (D-NM)
Senator Bill Cassidy (R-LA)
Senator Chuck Grassley (R-IA)
Senator Cynthia Lummis (R-WY)
Senator Deb Fischer (R-NE)
Senator Eric Schmitt (R-MO)
Senator James Lankford (R-OK)
Senator Jerry Moran (R-KS)

Senator John Barrasso (R-WY)
Senator John Boozman (R-AR)
Senator John Cornyn (R-TX)
Senator John Hickenlooper (D-CO)
Senator John Hoeven (R-ND)
Senator John Kennedy (R-LA)
Senator John Thune (R-SD)
Senator Joni Ernst (R-IA)
Senator Josh Hawley (R-MO)
Senator Kevin Cramer (R-ND)
Senator Markwayne Mullin (R-OK)
Senator Martin Heinrich (D-NM)
Senator Michael Bennet (D-CO)
Senator Mike Rounds (R-SD)
Senator Pete Ricketts (R-NE)
Senator Roger Marshall (R-KS)
Senator Steve Daines (R-MT)
Senator Ted Cruz (R-TX)
Senator Tim Sheehy (R-MT)
Senator Tina Smith (D-MN)
Senator Tom Cotton (R-AR)

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement.