

## **NEPPA Resolution Limit Transmission Incentives and ROE**

WHEREAS, the Energy Policy Act of 2005 authorized the Federal Energy Regulatory Commission (FERC) to determine the base return on equity (ROE) rates transmission owners can recover for new projects, as well as “incentive adders” to help advance risky projects, and;

Whereas, transmission construction can ease electric congestion and bring needed resources to load centers, but also represents a growing share of consumers’ monthly energy bills, and;

Whereas, FERC-approved cost-of-service recovery, with assured returns well above other investments, continues to be extremely lucrative for transmission owners;

Be it now

RESOLVED, that NEPPA:

1. Opposes the use of rate incentives as a means of driving transmission investment.
2. Supports FERC efforts to examine and more clearly define the formulas used in calculating transmission rates.
3. Calls on FERC to consider the costs to consumers as part of the analysis of whether a rate is “just and reasonable.”
4. Opposes cost allocation methodologies that assign costs to public power systems without their consent.

*Adopted by the NEPPA Board of Directors July 20, 2020.*