

POLICY UPDATE: Shaping the future of the grid

Presented by Mona Tierney-Lloyd | RE+ 2023



“Technologies move fast – our government rules must keep up.”

–Willie Phillips, Federal Energy Regulatory Commission Chairman

Around 2,000 GW of projects, including renewable energy and battery storage, are seeking interconnection

It can take 5–7 years for these projects to receive approval.

- Pace of processing means that developers are flooding interconnection queues with projects that may not have site control or viability – to preserve a space in the queue.
- FERC has issued a decision to try to streamline and prioritize interconnection queues.
- The study process has been sequential – new studies as new projects are submitted.
- Batch processing makes more sense.
- This is a first step in the right direction, but implementation will need to continue to be monitored.

The opportunities: Permitting reform and transmission expansion

Without common-sense permitting reform and enough transmission for the future, the U.S. could fall 100 GW short of the Inflation Reduction Act’s clean energy impact.

Congress should consider reasonable improvements to the permitting process.

- The current U.S. permitting system is a key hurdle to the future development and deployment of domestic clean energy.
- The rollout of clean, affordable, and reliable power requires coordinated state and federal action.
- Process improvements must strike the right balance of timely decisions for projects while preserving thorough environmental reviews.

There is no transition without transmission – regulatory and legislative actions are needed.

- Transmission reform was left out of the Inflation Reduction Act (IRA). Building more transmission is essential to reaching our climate goals.
- If we don’t deploy more transmission quickly, we could lose 80% of the IRA’s benefits, because fossil-based generation plants could be forced to produce more to satisfy rising demand from electrification.
- The U.S. needs more transmission to unlock clean energy development, improve grid reliability, reduce congestion, and create opportunities to deliver lower-cost electricity to customers.

Specifically, we need:

- **FERC action** – Continue the work after its recent interconnection queue reforms with transmission planning and cost allocation reforms.
- **Federal tax credit** – We need a federal investment tax credit to unlock investment in new long-distance transmission, especially inter-regional lines.
- **Unified siting authority** – Transmission lines can take upwards of a decade to permit, which is too long.
 - > The federal government should have authority to site and permit regionally significant transmission lines.
 - > More regional and inter-regional cooperation is needed among ISOs/RTOs – and formation of ISOs/RTOs where they do not exist.
- **Minimum transfer capacity** – Regions need to be able to share energy and capacity with their neighbors.

In summary:

- We need comprehensive – not incremental – change.
- We need to build new grid infrastructure at an unprecedented scale and speed.



SUCCESS STORY:

Enel’s Diamond Vista installation in Kansas is an example of a renewable energy project founded on strong community relationships

Initially, there were strong concerns from local officials. Enel took the time to get to know civic leaders, community groups, and other residents, listening to their needs and questions. And ultimately, together Enel and the community forged a long-term partnership based on mutual understanding.

- 450 construction workers were involved in the project and provided \$5.5 million in local spending during construction.
- The project provides steady income for landowners, in some cases helping preserve family farms in the face of fluctuating commodity prices and severe weather impacts.
- 13 permanent, full-time jobs on the site will last the entire 25+ year lifetime of the wind farm.
- PILOT (payment in lieu of taxes) agreements contribute annual local revenues for the first 10 years of the project, amounting to around \$4.5 million, providing significant support for schools and local services.
- Enel’s Creating Shared Value approach helped support local programs like re-establishing a local grocery store, funding renovations for the local library, providing new equipment for firefighters and funding scholarships for students who want to learn how to become wind technicians.

Key takeaway

The relationships Enel built helped the Enel team to understand how best to direct their funds. And that mutual understanding enabled Enel to secure the key local permit to build the project.

Local siting authorities have disparate rules and processes

- The U.S. has a complex patchwork of siting and permitting laws and regulations depending on municipal, county, state, tribal and federal jurisdictions.
- This patchwork results in delays and project cancellations, both from bureaucratic hurdles and sometimes from local opposition to projects.
- It’s increasingly challenging to secure local permits, especially in states or counties that have broad discretion to approve or reject projects based on concerns that may not be grounded in fact.
- County Commissions and Planning Boards are proposing changes that are defacto moratoria.
- Some counties are implementing moratoria, without a public process, which override landowner rights.

States have an important role to play – but we need standardization

- Bringing more clean energy online to meet growing demand and to meet ambitious renewables portfolio standards requires a more streamlined, transparent and responsive permitting process.
- In addition to reducing carbon emissions, renewable projects bring revenues to rural areas that have limited economic growth options – plus, revenues to landowners.
- These goals often won’t be achieved without standardized statewide-siting processes.
- Otherwise, local governments get an effective veto for projects that are critical to these clean energy goals and local economic development opportunities.

What we’ve learned: A positive community presence translates into a successful project

We need to:

- Work side-by-side with local communities, not against them.
- Engage with civic leaders and community members early in the process.
- Listen to local feedback and adapt projects as needed.
- Forge long-term benefit agreements with communities so that they tangibly realize value from the power being generated.

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To learn more about how Enel is shaping the future of the grid, please contact Mona Tierney-Lloyd, Head, Regulatory and Policy, Central & West Regions: mona.tierney-lloyd@enel.com

