

## On the Grid: School (Congress) Is Out 7/28/23



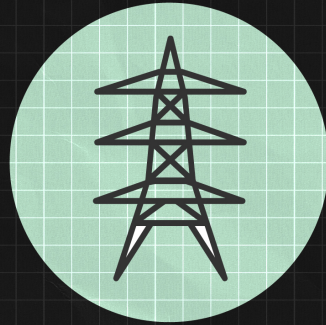
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The exodus from Washington begins this week as lawmakers prepare to take a pause and head into August recess, leaving behind unresolved budget disputes, a slew of untouched legislative priorities, and unfinished discussions around permitting reform. But even amid the rush to head out for the rest of the Summer, we see our institutions continuing to work for us, focused on streamlining the complicated regulatory systems holding back energy projects and taking bold action to help high costs.



# TRANSMISSION

If we want to build clean energy faster and more efficiently, then streamlining the complex, time-consuming, and costly permitting process is non-negotiable. The Federal Energy Regulatory Commission (FERC) has the opportunity to help fast-track clean energy projects.

**What can FERC do?** State-level politics and ideological squabbles have a history of derailing projects vital to national interest, particularly for our energy security. FERC's oversight authority of interstate energy transportation systems enables it to bypass state blockages and greenlight critical projects. Putting FERC in the driver's seat and expanding its authority over the siting, planning, and permitting processes can speed up much-needed clean energy and transmission projects.

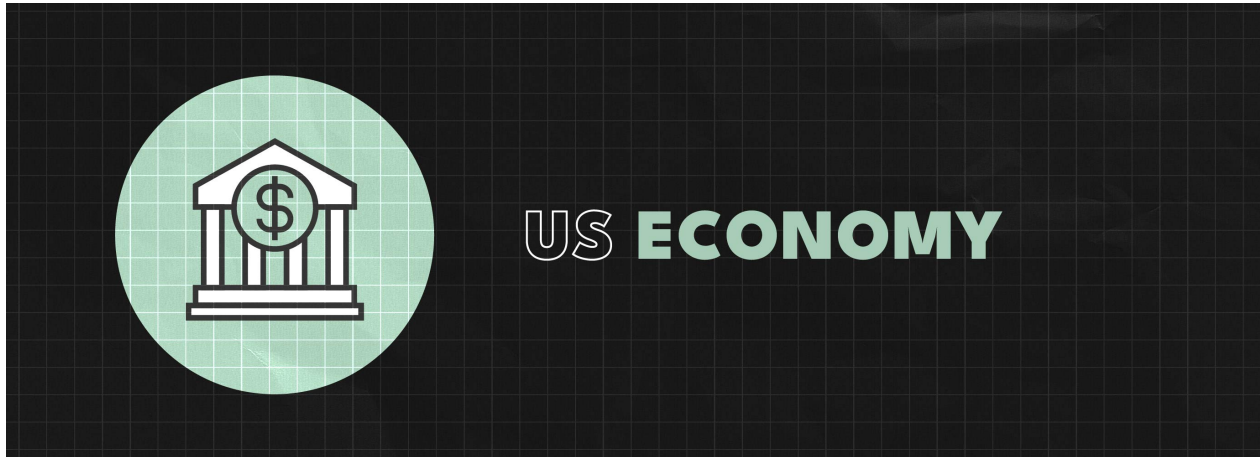
In anticipation of their expanded role, Senate Majority Leader Chuck Schumer sent a [letter](#) to the Commission this week asking them to establish clearer rules to improve how power lines are planned and how costs will be shared among stakeholders. It suggested:

- Guidance to help prioritize investment and determine how the costs will be allocated among different stakeholders;
- Concrete planning for FERC to solve disagreements on how different states share costs;
- A requirement for transmission planners to plan for a diverse, cleaner energy mix;
- Considerations for how we can strengthen our grid without building new power lines, like utilizing existing infrastructure and expanding energy storage;
- And a finalized rule, as outlined by the Bipartisan Infrastructure Law, allowing FERC to approve energy transmission projects denied by states.

These are valuable suggestions, but the US also needs legislative support to give developers confidence in a long-term investment environment. With FERC's [latest rule](#) the US is getting on the right track, but there is still work to be done.

As [Shane Londagin](#), Third Way's Policy Advisor on Innovation, puts it, "strong FERC rulemaking *could* jumpstart high-voltage transmission development across the US, but without Congressional

action, the durability of these improvements remains uncertain.”



After a short pause, the Federal Reserve raised interest rates to 5.5%—the 11th hike since March 2022. With inflation currently hovering at 3%, the Federal Reserve is laser-focused on knocking inflation down to 2%. While many are bracing for impact, fearing that high interest rates could cost Americans their jobs, the Federal Reserve has been clear—getting inflation to 2% is the only option. Pausing rate hikes too soon and failing to hit the 2% target will be more costly in the long run, eating away at Americans’ pocketbook income.

Despite predictions of instability earlier in the year, the economy is far from cratering. Investments in long-term assets and manufacturing are skyrocketing, and the majority of economic forecasters are now walking back their earlier certainties of a recession on the horizon. Even further, this week the Department of Commerce released the Second Quarter GDP, showing that the economy grew at an annual rate of 2.4%, more than what forecasters initially expected.

**What does this all mean for clean energy?** Simply put, high interest rates make it more expensive to invest in things like innovative clean energy technologies or new manufacturing facilities. Thankfully, we’ve got a key fiscal offset in our corner— the Inflation Reduction Act. Through the added federal support, private investors and lenders can balance out the negative impacts of high interest rates and continue the momentum of clean energy investment we’ve seen across the country.



## PERMITTING REFORM

As conversations around permitting reform continue, the Senate Energy and Natural Resources Committee held a full committee hearing [this week](#) to examine opportunities where Congress can step in and help streamline permitting processes to accelerate the build-out of transmission lines and pipelines on federal lands.

Senator Joe Manchin, Chairman of the Committee, shined the spotlight on three key issues that demand the most immediate attention:

1. Interstate transmission lines are not being built at the scale and speed we need;
2. Siting, financing, and planning expansive, interstate and interregional transmission projects is vastly different from other types of infrastructure, requiring unique and tailored support from Congress;
3. And, the role of transmission as a key aspect of our grid reliability is understated.

**Here's our takeaway from the hearing:** Senator Manchin hits the nail on the head. Unlike localized generation projects, which exist within one jurisdiction, transmission projects can span dozens of local, state, and federal jurisdictions. This makes the challenges not only inherently different but oftentimes, exponentially more difficult to overcome. Therefore, the solutions we deploy to cut through the regulatory red tape cannot be copied and pasted to our transmission issues. Alongside Senator Hickenlooper and Congressman Peters' [BIG WIRES Act](#), Senator Heinrich's [FASTER Act](#), and Senator Whitehouse and Congressman Quigley's [SITE Act](#), Senator Manchin is moving the conversation in the right direction.



## WHAT WE'RE READING & LISTENING TO

- [Jeff Stein](#) in *The Washington Post*, shines a light on the rising trend amongst state and local lawmakers, who are increasingly blocking clean energy projects on the basis of ideological differences.
- [Tim Ryan](#) in *The Liberal Patriot* pushes back on the defeatist narrative that American workers and industries do not have what it takes to stand up to major competitors like China when it comes to building and deploying clean energy technologies.
- [Andy Stone](#), host of *Energy Policy Now*, chats with Rob Gramlich, President of Power Sector Consultancy Grid Strategies and expert on grid issues, to unpack why transmission is critical to our clean energy transition and what hurdles we need to overcome to address our grid issues head-on.

## ON SOCIAL

[Third Way's Climate and Energy Program](#) uplifts the Senate FY24 Energy and Water Development Appropriations Bill while flagging major points of concern in its House counterpart.

*P.S. You can read our full statement [here](#).*



**Third Way Climate & Energy**  
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Today, Third Way released a statement from its Senior Director of Domestic Policy, [@rdfitzpat](#), in response to the release of the Senate Energy and Water Development FY24 Appropriations Bill & the dangers of the House version of the legislation catering to far-right demands. 📄

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