CENTER FOR CLIMATE AND ENERGY SOLUTIONS

"Third Way's Pathways to Accelerating Clean Energy (PACE) report provides valuable insights about the barriers to permitting projects, while pointing to actionable solutions."

-- Brad Townsend, C2ES Vice President for Policy and Outreach

After a two decade pause, significant electricity demand growth has returned to the United States. Increasing demand for heating and cooling, as well as electrification in the transportation, manufacturing, and buildings sectors compounds the challenge of growing data center demand – generated by the race to lead the world in developing artificial intelligence. There is a clear economic and security imperative to *get as much new electricity on the grid as possible, as fast as possible*. The availability of cheap, reliable electricity reduces the costs of production, increasing both productivity and innovation. The good news is that there are billions of dollars available to make needed investments. The bad news is that federal, state and even local permitting processes are preventing these investments from moving forward at a time when they have never been more critical to our future.

Third Way's Pathways to Accelerating Clean Energy (PACE) report is an important contribution to our understanding of the barriers impeding expansion of the power sector infrastructure needed to meet this moment. Project developers have a critical perspective that needs to be better understood if we're going to address these challenges, and this study has captured that invaluable insight, while pointing the way toward several solutions that we can advance in the near-term. From C2ES's perspective, there are three key lessons to be taken from this work:

Lesson #1: We have a major informational gap. One of the clear takeaways from the study is that a lack of information affects nearly every facet of the permitting process. Uncertainty among developers about which permits will be necessary is made worse by the fact that planning efforts consistently underestimate the length of the process and the risks of potential delays. The consistency of these patterns in the study results suggest that these are systemic issues. While it's possible developers might be intentionally underestimating their timelines to make projects more attractive for investors, the data also suggests that the absence of reliable benchmarks to support more accurate planning efforts is another of many likely suspects. In any case, developers and investors need more transparency and accurate information across jurisdictions to have confidence in planning decisions. Further, the challenges raised in the study surrounding stakeholder unfamiliarity with these technologies suggests that a version of this problem is universal. This study is an important step in understanding the real drivers of delay, even as nearly every data point raises additional questions.

Lesson #2: There are no silver bullets. It's also clear that there isn't a single bottleneck that's responsible for slowing down projects. The broad range of barriers identified here, from backlogged interconnection queues, challenges during stakeholder engagement, or confounding and duplicative processes that span state, local, and federal permitting processes make it clear that there is need for broader reform addressing a variety of challenges currently afflicting the system.

Lesson #3: We can take steps today to improve permitting processes. The PACE report also highlights an important and encouraging takeaway: there are meaningful steps we can take right now to improve permitting processes across the country. Developers identified a range of possible approaches that would help address common challenges, including increased transparency, interconnection reforms, market design updates, improved stakeholder engagement and better coordination across agencies

involved in the process. C2ES has been working to advance many of these solutions with partners including our Business Environmental Leadership Council.

C2ES's Work

C2ES has been engaging with more than 20 major companies representing a diverse range of industries since the 118th Congress to build consensus on legislative priorities for permitting reform, including many of the issues identified in the PACE report. We're building upon an initial set of recommendations developed in partnership with companies which served as the foundation for extensive advocacy work, to develop an updated list of priorities for the 119th Congress that reflect the current moment. We'll be working closely with companies to educate congressional offices about how critical these reforms are to our long-term economic goals, including meeting growing power demand with an abundant, low-cost and reliable supply of energy.

Advocacy Priorities

C2ES's forthcoming permitting reform recommendations address a broad set of priorities, including a number that are directly relevant to the findings of this study:

- **Pass the bipartisan "ePermit Act" (HR 4503).** This bill would digitize the federal permitting process. The creation of data standards and a universal permitting taxonomy across federal agencies, along with the development of a federal permitting portal that houses project data and timelines would address many of the information gaps that exist in the current process;
- **Conduct parallel reviews.** Once the NEPA review process has been initiated by the lead federal agency, any additional federal reviews should be allowed to proceed concurrently. The production of a single, consolidated report should be allowed to satisfy statutory obligations under all relevant, federal laws.
- **Avoid duplicative reviews.** To avoid duplicative reviews that are standard under current law, Congress should amend Section 368 of the Energy Policy Act 2005 so that a corridor-wide NEPA review satisfies requirements for all federal authorizations within those corridors.
- **Maximize grid-enhancing technologies (GETs) and reconductoring.** Congress should direct FERC to complete a study exploring the potential benefits of advanced grid technologies, including advanced conductors, GETs, and other emerging grid technologies.
- **Give FERC authority to permit high-impact interstate transmission lines.** Currently, the process to site, permit, and build electric transmission lines requires reviews by every state and local jurisdiction the line passes through, in addition to reviews from federal agencies. This process can often take a decade or longer. Congress should simplify this by providing the Federal Energy Regulatory Commission (FERC) authority over high-impact, interstate transmission lines, similar to FERC's authority over other linear infrastructure. Measures to maintain adequate state and local involvement in the siting process should be included.

Conclusion

Permitting reforms are sorely needed to meet U.S. economic, environmental, and security interests. We congratulate our colleagues at Third Way for an important study that sheds light on the numerous challenges and solutions necessary to meet our growing demand for electricity. We look forward to working with Third Way and other partners to advance critical reforms that help us meet the moment by encouraging significant and critical private sector investment in modernizing the power grid that serves as the backbone of the U.S. economy.