

On Solving the Climate Crisis

PSEG Chairman Ralph Izzo testified before Congress earlier this month about whether the federal government should have more authority to plan, site and have taxpayers fund new transmission lines intended to promote renewable generation. This is an excerpt from his testimony.

Some believe the federal government should plan and site “green transmission superhighways” that will connect areas with strong renewable resources to areas of high electric demand, paid for by as broad a group of taxpayers as possible. Under this approach, government would pick winning renewable technologies and locations and build transmission to facilitate them.

The alternative view – which I strongly favor – is that government should establish a price for carbon and create tradable renewable energy certificates and let market forces determine which technologies and which locations are most promising for investment.

With these price signals in place, developers can compare the costs of renewable investments in different locations, including the associated transmission costs, which the developers – not the taxpayers – would pay.

Having the federal government promote “green transmission superhighways” could be inefficient and expensive.

All business owners know if they establish their factory at a distant location to keep production costs down, they have to weigh that against increased shipping costs. But if taxpayers pay the “shipping costs” of renewable generation, we skew decisions away from locally based renewables that may have a lower total cost.

That is why a bi-partisan coalition of 10 northeastern governors wrote Congress warning that this policy would undermine their efforts to grow local renewable industries.

In addition, building thousands of miles of transmission lines in anticipation of the arrival of renewable generation may lead to an expensive excess of transmission capacity.

Moreover, there is no such thing as a “green transmission line.” Transmission lines carry all electrons, regardless of whether or not the generator is green. A new line gives a market advantage to any power plant fortunate enough to be close to it.

Creating a new bureaucratic transmission planning process is also unnecessary. We already have regional planning processes that are effective and sensitive to local concerns.

Finally, there are existing tools that can help renewable projects connect to the grid without distorting price signals and burdening taxpayers with a potential excess of expensive transmission.

I believe we will meet our long-term carbon reduction goals. But sitting here today, I cannot tell you what renewable technologies in

what locations will get us there at the least cost to customers. And neither can our government. That is why I support policies that send price signals to the market and unleash the creativity and entrepreneurial spirit of the American people to solve the climate crisis.

What's your view? Please let us know at Opinion@PSEG.com.



***Policies are needed
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