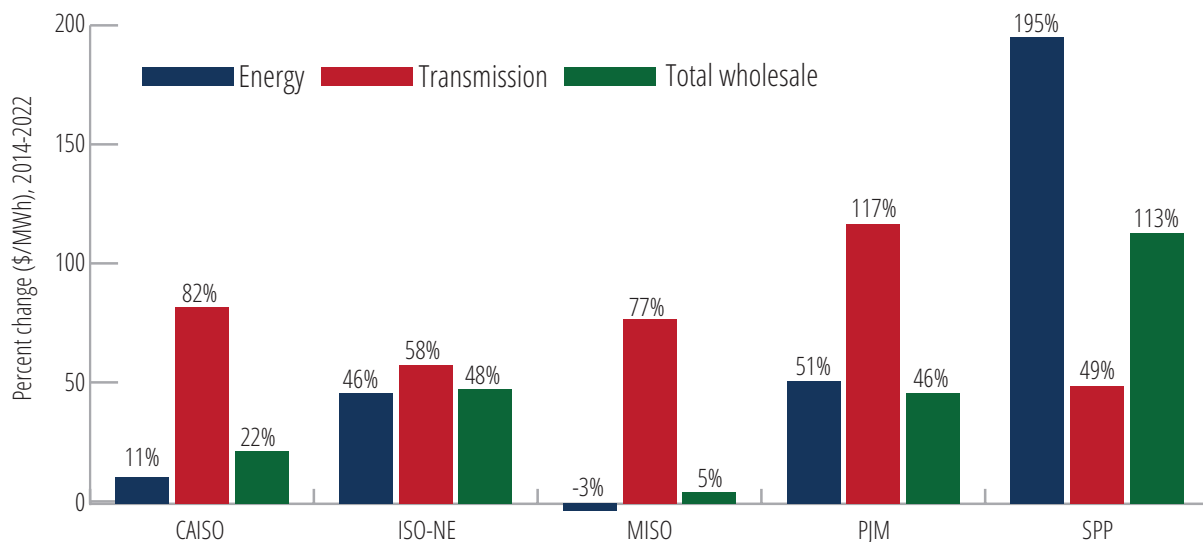


Transmission Policy Is Electric Affordability Policy

Transmission policies can help contain electric rate pressures or accelerate them nationwide.

- Transmission costs increased substantially across the country between 2014 and 2022, rising by roughly 50 percent or more, depending on the region, and often outpacing growth in energy costs.
- Transmission costs flow directly into retail rates and are largely fixed and unavoidable for customers.
- Federal policy decisions directly affect transmission costs and, therefore, the affordability of electricity for all customers.
- APPA supports cost effective transmission investment needed to maintain electric reliability and resilience.

Growth in Wholesale Cost Components by Region (2014 – 2022)



Source: APPA analysis of performance metrics submitted to the Federal Energy Regulatory Commission by regional transmission organizations between 2014 and 2022

Why Transmission Costs Matter

Transmission infrastructure is essential to maintaining a reliable electric grid, but transmission investments are also capital intensive, long lived, and directly reflected in customer bills. Unlike fuel or energy market costs, transmission costs are largely fixed once incurred and tend to grow over time rather than fluctuate downward.

*While transmission planning often occurs regionally, **the cost impacts are national.** Transmission investment and cost recovery mechanisms affect public power utilities, electric cooperatives, and investor owned utilities in every state, including those outside organized wholesale markets.*

What's Driving These Increases?

- **Reliability and resilience investments**, including replacing aging infrastructure and addressing extreme weather risks, account for a significant share of recent transmission spending.¹
- **Long permitting timelines** increase total costs before lines enter service.

Transmission Policy Is Rate Policy

Transmission policy decisions have direct and lasting impacts on customers' electricity bills.

Policies that increase capital costs, extend project timelines, or weaken cost benefit discipline will translate into higher rates for all customers.

Affordability concerns are not theoretical. Transmission rates paid by utilities — and ultimately their customers — are projected to continue rising in the coming years, absent meaningful cost controls.²

Policies That Risk Higher Costs:	Cost Containing Transmission Policy:
• Mandated investments, transfer capability, or technology requirements that bypass planning and cost-benefit review risk over building. • Expanded socialization of transmission costs without clear benefit alignment or expansion to include benefits that are not truly quantifiable and measurable reduces accountability. • Delays caused by permitting, litigation, and approvals increase total project costs before a single megawatt is delivered.	• Infrastructure-neutral federal permitting reform, supported by judicial reforms, increased digitalization, interagency information sharing, and sustained funding and training for agencies involved in federal reviews and permits. • Opportunities for joint ownership of new transmission lines by load-serving entities, including public power utilities, to reduce costs and increase local benefits and support for infrastructure projects. • Reform or eliminate transmission incentives that raise customer costs without producing clear, measurable benefits or encouraging investment that would not otherwise occur. • Policies that protect affordability, ensuring customers pay only for transmission investments that deliver clear, quantifiable benefits.

APPA supports cost-effective transmission investment, which is vital to electric reliability and resilience — but it must also be affordable. As transmission costs continue to rise nationwide, Congress has an opportunity to support policies that deliver reliability without accelerating electric rate increases.

¹ Source: FERC's 2024 State of Markets report, which found that 56% of transmission investments in 2024 were to address reliability needs.

² Source: U.S. Energy Information Administration, Annual Energy Outlook 2025 (Reference Case).