



## **Report Challenges Need for Expansion of Solicitations for Transmission Grid Infrastructure Under FERC Order 1000 Processes**

*Concentric Energy Advisors study questions claims of the Brattle Group report.*

Marlborough, Mass. – June 10, 2019 – A new [study](#) produced by Concentric Energy Advisors (“Concentric”) finds no basis to expand the scope of transmission grid projects selected through solicitation processes. Incumbent transmission owners develop reasonable project cost estimates while delivering critical infrastructure that provides customers with a reliable and resilient flow of power.

While a limited number of solicitations under Federal Energy Regulatory Commission (“FERC” or the “Commission”) Order 1000 have been held to date and the final costs of the projects are largely unknown, the Brattle Group (“Brattle”) in a report issued in April 2019 claims that increased solicitations would reduce customer costs. The purported cost savings that would result from expanding solicitations is based in part on Brattle’s assumption that projects developed by incumbent transmission owners – as opposed to those selected through a solicitation – experience significant cost escalations. However, Concentric’s study produced notably different results.

Concentric’s review of publicly available data suggests that incumbent transmission owners experience either no or fairly modest cost changes over the life of a project’s development, with final or updated project cost estimates varying from initial cost estimates by between -2.9% and 7.0% in the regions with publicly available cost tracking databases.

“Claims that incumbent transmission developers have experienced significant cost escalations are inaccurate and overstated – that’s what the broader and more complete data tells us,” said Danielle Powers, Senior Vice President at Concentric. “Solicitations might make sense in some situations, but generally speaking there is no credible support for the claim that current transmission development processes limit customer savings, or that expansion of project solicitations will yield meaningful additional savings.”

As detailed in the Concentric study, the Brattle report also inappropriately compared different types of project cost estimates, failed to account for changes in project scope, and used a limited and unrepresentative sample of incumbent transmission owner projects to produce its historical cost escalation estimates. Moreover, of the 15 projects awarded through solicitations that Brattle based its cost savings estimates on, the final costs of a majority of the projects are currently unknown.

Although some of the winning project bids to date have cost caps, Concentric determined that many of the cost caps have exclusions and exceptions that could permit the project’s



final cost to exceed the cost submitted in the initial winning bid. Furthermore, the cost cap exclusions for some projects apply to the project cost components with the highest risk of cost increases, such as routing changes. Final project costs that exceed the costs in the winning bid could erode a significant amount of the savings claimed in the Brattle report.

Finally, the Concentric study found that significantly expanding transmission solicitations as suggested in the Brattle report would require the Commission to revisit prior findings in Order 1000 and in other orders and could be inconsistent with FERC's reliability and resilience goals.

The Concentric study was commissioned by transmission owners Ameren, Eversource Energy, ITC Holdings Corp., National Grid USA, and PSE&G.

### **About Concentric Energy Advisors**

Concentric Energy Advisors specializes in management consulting and financial advisory services with a focus on the North American energy industry. Through its subsidiaries, CE Capital Advisors, Concentric Advisors ULC, and Concentric Energy Publications, Concentric provides capital market advisory support, consulting services in Canada, and publishes The Foster Report. Information about Concentric Energy Advisors is available on the company's website, Twitter, and LinkedIn, which can be accessed via [ceadvisors.com](http://ceadvisors.com).

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