Background
Increased investment in transmission infrastructure expands access to, and delivery of, renewable energy resources. Recent studies from Princeton, MIT, and others have found that significant transmission expansion is needed to deliver the lowest-cost renewable energy to market in a time frame compatible with U.S. clean energy goals. The 15 states between the Rockies and the Mississippi River account for 88 percent of U.S. wind technical potential and 56 percent of U.S. solar technical potential. However, this region is home to only 30 percent of expected 2050 electricity demand. Through transmission expansion, we can connect centers of high renewable resources with centers of high electricity demand, enhance grid resiliency and dramatically reduce carbon emissions. Despite these many benefits, necessary investments in transmission infrastructure do not receive the same policy support as generation resources.

An Investment Tax Credit for Regionally Significant Transmission
The Investment Tax Credit (ITC) for solar energy is foundational to the modern renewable energy economy, continuing to spur major buildouts long after its enactment. A similar incentive for regionally significant transmission would help drive the long-term, private sector-led expansion and upgrading of America’s power grid. Enactment of a transmission ITC (TxTC) would provide developers with the investment certainty they need through a predictable, multi-year investment structure, all while saving ratepayers money and lowering the upfront construction costs of transmission too often undervalued relative to its economic development, job creation, reliability and environmental benefits. In recognition of this need, President Biden called for a TxTC in his March 2021 American Jobs Plan, urging “the creation of a targeted investment tax credit that incentivizes the buildout of at least 20 gigawatts of high-voltage capacity power lines.”

In April 2021, Sen. Martin Heinrich (D-NM), Rep. Steven Horsford (D-NV), and Rep. Susie Lee (D-NV) followed suit by reintroducing the Electric Power Infrastructure Improvement Act (S.1016/H.R. 2406). This legislation promotes construction of regionally significant projects by providing a 30% tax credit for investment in qualifying electric transmission, defined as any overhead, submarine, or underground transmission facility with a voltage of at least 275 kV and a transmission capacity of at least 500 MW that delivers power produced in rural or offshore areas. The tax credit applies to properties placed in service before December 31, 2031. Later that month, Sen. Ron Wyden (D-OR) reintroduced the Clean Energy for America Act (S.1298), which includes a 30% TxTC for high-capacity transmission lines with a minimum voltage of 275 kV. Importantly, the Wyden proposal also provides a direct pay option for the TxTC to ensure access by the broadest universe of stakeholders.

Additional Information on ACORE’s Involvement
Upgrading and expanding the nation’s transmission network is one of ACORE’s top priorities. In February 2021, ACORE joined 44 organizations in sending a letter to President Biden, key members of the Biden administration, and congressional leadership calling for a stable, predictable, and long-term tax platform that makes high-voltage transmission eligible for an investment tax credit.