1. Siting Authority

Interstate siting authority: States should work together either through interstate siting commissions or similar agreements to facilitate the construction of interstate transmission. The creation, role and functions of regional siting authorities should be site and situation specific. If a region chooses to have interstate siting authority, it is recommended that all states in the region participate and have an equitable role in policymaking. Regions may determine not to have a regional siting authority. The federal role should be as the mediator of last resort.

Intrastate siting authority: There should be a clearly defined state-level authority for siting. The state authority should have a streamlined permitting procedure including clearly defined timetables for each stage in the process. The process should be transparent, impartial, and encourage public participation, but avoid being held hostage by special interest groups.

Companies and the state should consider alternatives to siting in new areas, including using existing right-of-ways, upgrading existing lines, and investing in communications and grid technology that allows owners to operate existing lines more efficiently. Technology options should never be mandated and the free market should be the principle determinant of which products reach the marketplace.

2. Eminent Domain

The state siting process should allow the market to provide incentives for increased infrastructure investment. Grid owners should be allowed to recoup adequate rates of

3. Transmission Investment

The state siting process should allow the market to provide incentives for increased infrastructure investment.
return on transmission, especially in areas where financial risks, regulatory uncertainty, and special interest objections are more pronounced. Congestion management, reactive power production, and other ancillary services may also be priced at market rates if market power is mitigated.

Appropriate transmission upgrades can be financed by utilizing a number of options to facilitate the funding of transmission including rolled-in rates and participant funding of the transmission network.

4. Transmission Organizations
Transmission organizations can improve communication among grid operators and transmission efficiency, but if not properly executed, they can lead to greater levels of bureaucratic chaos and diminish reliability. Effective organizations are those with streamlined management layers, consolidated monitoring and decision-making processes, and seamless communication networks.

Emergency action plans should be defined and practiced regularly to ensure communication among managers, technicians, and the public, and electronic communications among various grid components.

States should be encouraged to join those organizations that improve the marketability, reliability, and price of electricity for consumers. However, due to regional differences in electricity prices and varying levels of electricity deregulation, states should be allowed to join regional networks at their own pace.

Reliability is the responsibility of the private sector with appropriate government oversight. Regional organizations, including the existing 10 National Electric Reliability Councils, should have enforceable and mandatory reliability rules for participating companies. The western NERC region has accomplished this goal through contracts with companies that include penalties for non-compliance. Minimum standards should be set using risk management strategies, but the market should determine the best way to achieve them.

5. Infrastructure Protection and Energy Security
States should engage in a comprehensive review of the procedures for transmission and power plant security. The state Homeland Security office should consult with electricity providers to review existing infrastructure protection plans, develop emergency procedures, and estimate potential impacts and time scales of power outages. States should prioritize agencies and services that need to be available in the event of an outage and use a combination of backup and distributed generation to meet these needs.
