

Benton REA Scholarship Essay

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### Divesting High-Voltage Transmission Networks

The President's budget proposal includes a call to "sell the transmission assets of...the Bonneville Power Administration (BPA)" (DOE). The BPA currently "spans 300,000 square miles, and includes more than 15,000 miles of lines and 299 substations that deliver electricity to some 12 million people" (Sickinger). Due to the magnitude of this proposal and the number of people that would be affected, it should be carefully examined to make a wise decision. After considerable research, it is my opinion that the BPA transmission network should not be divested and sold to the private sector.

If the divestiture of the BPA's high-voltage transmission network was to occur, it would generate "about \$4.9 billion" of revenue for the US Treasury (Danko). According to the Trump Administration, "ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives. The budget proposal...would encourage a more efficient allocation of economic resources and mitigate risk to taxpayers" (Office of Management and Budget). This would "allow for innovation at a speed impossible within a federal system, improving access to clean and secure energy supplies" (Lempriere).

A statement by the Public Power Council, an organization that represents about 100 consumer-owned utilities, points out 4 major concerns with the proposal. They argue that privatization will cause "(1) loss of regional control and value; (2) risk of increased costs to consumers; (3) potential for remote areas of the system to be neglected, harming rural

communities; and, (4) impacts to reliability of what is currently a complex and integrated system” (Danko).

Senator Ron Wyden is opposed to the renewed efforts to privatize the high-voltage transmission networks. He has fought against it each time it has been brought up by the Reagan, Clinton, and George W Bush Administrations. He stated: “Public power customers in the Pacific Northwest have paid for the system and their investment should not be put up for sale.” He also said that it would increase “costs for tens of thousands of Oregon homes and businesses” (Wyden). Nancy Hirsh of the NW Energy Coalition stated: “selling off those assets is a bad idea that was rejected in past years and Congress should reject it again” (Danko). In bipartisan response to the proposal, 21 US senators and all 15 house members from Washington and Oregon wrote the President opposing the idea because it would lead to certain rate increases (Beutler and Cantwell). The BPA currently operates at cost. If the system was privatized, the buyers would raise rates to recover their investment. “John Friederichs, manager of the Ferry County Public Utility District in northeast Washington, said a shift in focus to larger population centers, because that’s where the profits are, could leave tiny markets like his...out in the cold with lower priority for maintenance or repairs” (Johnson).

Ultimately, the high-voltage transmission network should not be privatized due to the inevitable rate increases and lesser availability of power to rural communities. The current system provides reliable power at low rates to all consumers. While privatization can result in economic benefits, the costs outweigh the benefits of the current system.

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