

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

As Engrossed: H3/20/25

A Bill

HOUSE BILL 1813

5 By: Representative Gramlich
6 By: Senator M. Johnson
7

For An Act To Be Entitled

9 AN ACT TO ADOPT THE FAIR AND EFFICIENT TRANSMISSION
10 COMPACT; AND FOR OTHER PURPOSES.

Subtitle

14 TO ADOPT THE FAIR AND EFFICIENT
15 TRANSMISSION COMPACT.
16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

18
19 SECTION 1. Arkansas Code Title 23, Chapter 3, is amended to add an
20 additional subchapter to read as follows:

21 Subchapter 8 – Fair and Efficient Transmission Compact

22
23 23-3-801. Text of compact.

24 The Fair and Efficient Transmission Compact is enacted into law and
25 entered into by this state with all states legally joining therein and in the
26 form substantially as follows:

27
28 FAIR AND EFFICIENT TRANSMISSION COMPACT

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30 Article 1 – Statement of Purpose, Findings and Declaration of Policy

31 The intent of the Fair and Efficient Transmission Compact ("Compact") is to
32 lower the cost of construction of new high-voltage transmission
33 infrastructure and facilitate the expansion of transmission capacity through
34 cost-effective transmission planning, siting and construction.

35 The mid-South region is experiencing rapid growth in energy demand as
36 business and industry of all types seek to build, expand and relocate to



1 areas that have an abundance of affordable and reliable energy resources.
2 This economic growth benefits citizens by creating jobs, increasing local
3 revenues, and supporting new business opportunities.

4 To ensure that the states in the mid-South region participate in this
5 transformative economy, the parties to this Compact understand that new
6 transmission capacity must be added to the grid and will pursue measures
7 necessary to attract infrastructure investments to advance innovation, use of
8 improved technology and enhance our national security.

9 A robust, multi-state, regional transmission system provides a range of
10 benefits for citizens and consumers, including access to all types of
11 generation resources, economic development activity, and enhanced grid
12 resiliency in the face of multiple threats. However, certain policies and
13 regulatory inaction have hampered the ability to modernize and expand
14 transmission assets in the mid-South region.

15 By entering into this Compact, the participating states affirm that policies
16 that encourage and allow for a competitive transmission construction bidding
17 process is in the public interest and in the best interest of electric
18 ratepayers and the electric marketplace. While the independence and special
19 needs of each state are to be recognized and safeguarded, today's regional
20 and interregional transmission needs require cooperative action among states
21 to avoid the application of discriminatory, anti-competitive policies and
22 allow different companies to compete for the opportunity to construct new
23 transmission infrastructure.

24

25 Article 2 – Definitions

26 Compact – An interstate legal agreement or document between the states
27 of Arkansas, Louisiana, Mississippi and Texas

28 Dynamic Line Rating (DLR) - Shall refer to any technology or
29 methodology used to more accurately determine current-carrying capacity
30 limits of existing or new transmission lines by determining conductor thermal
31 ratings with improved or more accurate data.

32 Electric Transmission – The process of moving bulk electricity from
33 power generation stations to where it is consumed by end-use customers.
34 Infrastructure involved includes high-voltage power lines, substations,
35 transformers and associated equipment.

36 ERCOT – Electric Reliability Council of Texas is a regional entity that

1 manages the transmission system in the central and southern portion of Texas.

2 Grid-Enhancing Technologies (GETs) – The use of advanced transmission
3 technologies and analytical tools to maximize the use of electricity across
4 the existing (and future) high voltage transmission system that include
5 dynamic flow rating sensors, power flow control devices, advanced conductors,
6 and improved viability of inverter-based generation availability.

7 Load Growth – Shall refer to the increase in demand for electricity
8 over time, which is factored into the strategies of planning by regional
9 transmission organizations and retail electricity providers.

10 Long-Term Transmission Planning – This is an open, structured effort to
11 expand the transmission system in a multi-state, regional and interregional
12 area to meet the economic development opportunities, generation
13 interconnection requests, base line reliability requirements and resiliency
14 with improved economic and operational characteristics of the transmission
15 system.

16 MISO - Midcontinent Independent System Operator is an independent, not-
17 for-profit, member-based regional transmission organization (RTO) in the
18 central portion of the United States from Canada to the Gulf of Mexico and is
19 responsible for keeping the power flowing across its geographic region
20 reliably and cost effectively. It is part of the Eastern Interconnection
21 grid.

22 MISO South – A subregion of MISO that includes parts of the states of
23 Arkansas, Louisiana, Mississippi and Texas.

24 Open Bidding Process – A process to allow competitive bidding by
25 different qualified entities to design, construct, and own new transmission
26 projects to expand the existing transmission system.

27 PJM Interconnection LLC (PJM) - is a regional transmission organization
28 (RTO) in the United States. It is part of the Eastern Interconnection grid
29 operating an electric transmission system serving all or parts of Delaware,
30 Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina,
31 Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of
32 Columbia.

33 Regional Transmission Organizations (RTO) - This is an independent,
34 organization that manages the transmission of electricity across multiple
35 states. RTOs are responsible for ensuring the reliability of the power
36 supply and balance between supply (usually generation) and demand (load

1 connected to the transmission system). Some examples of RTOs in the
2 transmission system of the Eastern Interconnect are ISO-NE, MISO, NYISO, PJM
3 and SPP.

4 Right of First Refusal (ROFR) – Usually state laws that give incumbent
5 utilities the first right to construct, own, and operate new transmission
6 lines within their service territory. These laws often limit or prohibit
7 non-traditional utility entities from participating in the design,
8 construction, operation, ownership and maintenance of transmission
9 facilities.

10 State Regulatory Entities – The present state or local authorized
11 regulatory entities (public utility commissions or city council) providing an
12 oversight and policy direction for utilities within a state or local area
13 which are authorized by the various state constitutions and laws.

14 SERTP – Southeastern Regional Transmission Planning is a group of
15 entities involved in the planning of the expansion and development of the
16 transmission system in the southeastern United States under the management of
17 the following entities: Southern Company, Dalton Utilities, Georgia
18 Transmission Corporation, the Municipal Electric Authority of Georgia,
19 PowerSouth, Louisville Gas & Electric Company, Kentucky Utilities Company,
20 Associated Electric Cooperative Inc., the Tennessee Valley Authority, Duke
21 Energy Carolinas, LLC, Duke Energy Progress, LLC. SERTP is part of the
22 Eastern Interconnection grid.

23 SPP – Southwest Power Pool is a regional transmission organization
24 (RTO) in the central, southwest and northwestern parts of the United States;
25 a nonprofit corporation mandated by the Federal Energy Regulatory Commission
26 to ensure the reliable supply of power, adequate transmission infrastructure
27 and competitive wholesale electric prices on the behalf of its members. SPP
28 is part of the Eastern Interconnection grid.

29
30 Article 3 – Council Established

31 There is hereby created an agency of the party states to be known as the Fair
32 and Efficient Transmission Council (“Council”) to administer the Compact.
33 The Council shall commence operations upon adoption of the Compact by at
34 least three of the party states in the mid-South region. The Council shall
35 be composed of delegations from each party state that has adopted the
36 Compact. Each delegation shall be composed of three representatives from

1 each state, one of whom shall be appointed or designated in each party state
2 to represent the Governor, the State Senate, and the State House of
3 Representatives, respectively. Each Council representative shall be
4 designated or appointed in accordance with the law of the state which he or
5 she represents and serving and subject to removal in accordance with such
6 law. Any member of the Council may provide for the discharge of his or her
7 duties and the performance of his or her functions thereon (either for the
8 duration of his membership or for any lesser period) by a deputy or
9 assistant, if the laws of his state make specific provision for this
10 assignment of these responsibilities. This assignment of a deputy or
11 assistant shall be sent to the Executive Director or Chairman of the Council
12 in writing prior to the event or meeting where the deputy or assistant will
13 represent the Council representative.

14 Each member of the Council shall be entitled to one vote each. No action of
15 the Council shall be binding unless taken at a meeting at which a majority of
16 all party states are represented and unless a majority of the total number of
17 votes on the Council are cast in favor thereof.

18 The Council shall appoint an Executive Director who will serve at its
19 pleasure and who shall act as the Secretary. The Executive Director, with
20 the approval of the Council, shall appoint and discharge such personnel as
21 may be necessary for the performance of the Council's activities. This
22 Council shall meet at least once a year. The Council, with the assistance of
23 the Executive Director, will develop Bylaws to assist in the activities
24 associated with its operation.

25 26 Article 4 – The Council

27 The Council shall not be construed to displace the regulatory
28 responsibilities of the existing relevant electric rate regulatory
29 authorities. The Council shall prepare and keep current guidelines for fair
30 and efficient transmission construction that support an open bidding process
31 for new transmission facilities. These guidelines shall be developed within
32 one year of the creation of the Council.

33 The Council shall elect, from among its members, a Chairman, a Chairman-
34 Elect, and a Treasurer. Elections shall be annual. The Chairman-Elect shall
35 succeed to the office of Chairman for the year following his service as
36 Chairman-Elect. For purposes of the election and service of officers of the

1 Council, the year shall be deemed to commence at the conclusion of the annual
2 meeting of the Council and terminate at the conclusion of the next annual
3 meeting thereof.

4 The Council annually will prepare a report for the Governor of each party
5 state, this report covers the activities of the Council for the preceding
6 year, proposed activities for the coming year, and any recommendations
7 adopted by the Council.

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9 Article 5 – Principles of Fair and Efficient Transmission Construction
10 States that enter into and become a party to the Compact shall agree to
11 recognize the following principles and pursue policies that allow for a
12 competitive, fair and efficient transmission market to flourish in the mid-
13 South region:

14 1. Energy Agnostic. State statutes, regulations, ordinances and
15 policies shall not discriminate against any particular energy resource,
16 energy generation method or procured energy type. Technology agnostic energy
17 policies ensure that energy sources are chosen based on cost and reliability.
18 State policies must reflect an openness to using a variety of energy
19 resources, rather than a limit to a single type of energy.

20 2. Transmission Project Cost Allocation. The cost of new transmission
21 projects should be allocated holistically to all entities, that cause these
22 costs and that directly benefit, in a manner that is roughly commensurate
23 with, and proportional to, the costs caused and benefits received by those
24 projects. The cost allocation should be as granular and accurate as possible
25 while avoiding the targeting of specific industries. Costs should not be
26 assigned to parties that receive negligible or negative benefits. The
27 generators and loads can each be considered cost causers, beneficiaries, or
28 both and should be allocated costs accordingly. Retail jurisdictions that
29 directly seek to meet a public policy requirement through development of a
30 transmission project(s) should be considered a beneficiary of that project.
31 The cost allocation methodology for a transmission project should be fixed at
32 the time of the project approval.

33 3. Application of Interstate Compact. This agreement will be
34 submitted to and reviewed by each state legislative body for approval. Once
35 the Compact is approved, the Compact shall apply to all states equally
36 regardless of the time of adoption compared to the establishment of the

1 Compact. States will have equal representation, equal authority and equal
2 protection in the adoption and execution of a competitive bidding framework
3 and process.

4 4. Uniform Siting and Certification of Transmission Projects. This
5 Compact shall support two separate processes for siting and certification of
6 transmission projects. The states participating in this Compact will develop
7 a uniform siting process and certification standards as a condition of
8 joining the Compact. Participating states shall adopt the mutually agreed
9 upon processes for siting and certification of new transmission projects.
10 These processes must define a clear start date and define the party
11 responsible for initiating the process start date. The use of this uniform
12 siting and certification process may be used to minimize the time needed for
13 approval in additional states, once the first state has provided its approval
14 for interregional transmission projects. The member states' processes for
15 siting, certification, and permitting shall provide a clear understanding for
16 relevant stakeholders.

17 5. Valuing Grid-Enhancing Technologies. Grid-enhancing technologies
18 (GETs) have been demonstrated to provide economic, operational and
19 reliability benefits and can be a timelier and/or cost-effective solution as
20 compared to new transmission line development. The Council shall recognize
21 and value the stated benefits of utilizing GETs for improvement of
22 transmission facilities, enhancement of grid performance and expansion of
23 existing transmission line capacity. States adopting the Compact shall allow
24 and streamline permitting and regulatory reviews for utilization of GETs.
25 Furthermore, member states of the Compact shall provide for the assurance
26 that GETs receive fair monetary valuation in any transmission developer's
27 competitive bid.

28 6. Competitive Construction Bid Process. This Compact shall promote
29 intrastate and interstate transmission development and enhancement and
30 embrace the minimization of costs using an open bidding process. The open
31 bidding process should consider benefits to ratepayers including but not
32 limited to ensuring reliability, ratepayer cost savings, maximizing grid
33 efficiency, reducing grid congestion, and mitigating against grid stressing
34 events. The states participating in the Compact shall design and adopt into
35 this Compact a process for the administration and oversight of the bid
36 opening and selection process. The participants in this Compact may choose

1 to allow MISO to administer an open competitive bid selection process for the
2 construction of certain transmission projects. The present MISO process for
3 projects identified through Long Range Transmission Planning allow for
4 competitive bid processes for proposed new transmission projects. The
5 information on these MISO processes can be found in the Competitive
6 Transmission Process in Business Practice Manual BP-027 and Minimum Project
7 Requirements for Competitive Transmission Projects BP-029 both dated
8 1/25/2025.

9 7. Waiver for Existing Transmission Infrastructure. Existing
10 transmission infrastructure that has previously been permitted by states
11 participating in the Compact shall not be required to obtain new permits for
12 the purpose of upgrading, maintenance or renovation activities. Transmission
13 projects permitted to be constructed but delayed due to actions and matters
14 beyond the control of the developer shall not be forced to engage in the
15 permitting process if the original permits were obtained within a previous
16 10-year period. States participating in this Compact shall take action to
17 remove permitting barriers at applicable state agencies and regional bodies.

18 Article 6 - Construction and Severability

19 This Compact shall be liberally construed so as to effectuate the purposes
20 thereof. The provisions of this Compact shall be severable and if any
21 phrase, clause, sentence or provision of this Compact is declared to be
22 contrary to the constitution of any state or of the United States, or the
23 application thereof to any government, agency, person or circumstance is held
24 invalid, the validity of the remainder of this Compact and the applicability
25 thereof to any government, agency, person or circumstance shall not be
26 affected thereby. If this Compact shall be held contrary to the constitution
27 of any state participating therein, the Compact shall remain in full force
28 and effect as to the state affected as to all severable matters.

29 Article 7 - Finances

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31 The costs associated with the Council's administration and operational
32 activities will be supported by an equal assessment to each state represented
33 on the Council. The Council will maintain adequate records to support the
34 expenses of operating this Council. No contracts with the Council will be
35 entered into or expenses incurred to support the Council's activities without
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1 a majority affirmative vote of its members.

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3 23-3-802. Administration of Fair and Efficient Transmission Compact -
4 Rules.

5 (a) The various states party to the Fair and Efficient Transmission
6 Compact will rely on their respective Public Service Commission or Public
7 Utility Commission (Commission), such as the Arkansas Public Service
8 Commission, to administer the compact. A state's Commission will be the
9 compact administrator for that state, unless administration of the compact
10 causes conflicts with existing laws, rules, or authorities that govern the
11 function and conduct of the Commission. In such case, a state may assign
12 responsibility to administer the compact to another agency capable of such
13 responsibility.

14 (b) A Commission may adopt rules that are consistent with the compact
15 necessary to implement this subchapter and are consistent with the principles
16 in Article 5 of the compact.

17 (c) A Commission is not required to adopt the rules of the Fair and
18 Efficient Transmission Council for the rules of the Fair and Efficient
19 Transmission Council to be effective in this state.

20 (d) For the purposes of the member state's ability to reject a rule
21 under Article 4 of the compact, a state may delegate its authority in this
22 provision to its Legislature, General Assembly, or a duly authorized and
23 recognized Legislative Council or Committee thereof.

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25 */s/Gramlich*
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