

## The Fruits of Mandatory Access

Back in 2012 Georgia Solar Utilities filed a petition with the Georgia Public Service Commission asking to be granted all of the rights and privileges given to Georgia Power. The GA PSC punted the issue to the General Assembly. Since then the same sorts of schemes popped up in other states where green developers seek rights to sell green power directly to end-users.

These “rights” included access to and use of the transmission and distribution systems within the state and access to capital at the same rates as obtained by Georgia Power. The solar developer even wanted to have existing electric distributors use their billing systems to collect from its retail customers.

Needless to say, this proposal did not sit well with Georgia’s 90 or so existing electric distributors. This is retail wheeling with forced access to facilities owned and operated by others. This is the logical outcome of the flawed policy of forced access.

Years ago there were business arrangements for the mutual use of network systems that developed in an atmosphere that respected property rights, upheld the sanctity of contracts and required no regulatory edicts. In Georgia, retail rivals jointly owned the two pipelines that carry petroleum products because it made good business sense not to develop duplicate pipelines.

Later the electricity distributors voluntarily developed a system of joint use for the high voltage transmission system. Each of the users of the Integrated Transmission System, “ITS,” contributed the components of the high voltage system they already owned. Now the members pay jointly for expansion and use of the ITS. Because they own this infrastructure, it is not available to others without their consent. This is private property and must be respected as such.

At the time the ITS agreement was being made law and began operating, 1974, the fateful AT&T litigation began. The famous Judge Harold Greene’s decision broke up AT&T and created the “Baby Bells” and granted access to other parties to use AT&T owned facilities -- hence the birth of MCI and Sprint. This policy is wrong, very wrong, but

replaced the voluntary mutual use of networks developed in the free market.

The defective telecommunications open access model was followed in natural gas pipelines and some distributors. Now, the blowback from the policy shows up in the outrageously presumptuous demands of green developers.

There are a number of non-utility power generators already operating in Georgia with more planned. These developers sell their output to one of the members of the ITS, and the exchange takes place at the entry point to the transmission system. The ITS distributor then takes the power to customers. There is no legal reason a developer cannot sell its solar generated output to one of the many power distributors in Georgia.

Georgia Power, the municipal and coop electricity sellers in Georgia also buy and sell from out-of-state utilities and power marketers. These transactions, thankfully, require minimal involvement of the state utility regulators.

Even some end-use customers have access to the power market through their local distributor. Muni’s, and particularly coops, can allow a customer the choice to make his own deal with a power marketer; and the distributor acts as an agent for the transaction. We call this a “willing buy-thru.”

So, without socializing the grid, throwing out property rights and extending the cronyism of the regulators to more market participants, green developers can sell power in a market environment to a party that has access to the ITS. If we remove monopoly protection for the owners of the delivery infrastructure they will be more likely to share the network to stifle the development of alternatives.

We don’t need to employ government solutions to every perceived problem. Rather than spreading monopoly privileges to others we need to be abolishing these privileges. Georgia’s oil pipelines and high voltage systems were developed through market relationships. Extend the market, not the monopoly!

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