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Editorial: Trump renews DOA proposal on BPA grid

Mike McNally 9 hrs ago



Power lines glisten in the late afternoon sun on Millersburg Road in this file photo from 2015. A proposal in President Trump's budget would sell off the Bonneville Power Administration's electrical grid, but the idea doesn't seem likely to gain much traction.

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Photos by Mark Ylen, Mid-Valley Sunday

Almost overlooked in the fuss last week over the release of President Donald Trump's proposed federal budget was a renewed call from the administration to sell the electrical grid operated by the Bonneville Power Administration.

If this rings a vague bell, here's the reason why: The Trump administration proposed the exact same thing just a few months ago. And that proposal last year went nowhere, which is almost certainly the destination for the proposal this year.

To be fair, other presidents, Republicans and Democrats alike, have floated similar proposals from time to time. The idea was kicked around in both the Reagan and Clinton administrations. In the 1990s, the Republican-led House of Representatives proposed a similar scheme. In every case, the proposals drew heavy regional opposition and eventually were scuttled.

And that almost certainly will happen again this year, and for this simple reason: It's a bad idea.

The BPA serves more than 13.5 million people in the Pacific Northwest. It operates about 75 percent of the region's transmission lines, delivering at-cost power to businesses and residences. The relatively low cost of BPA power remains one of the region's biggest assets in terms of attracting and retaining businesses.

The administration's budget document claims that privatizing the transmission lines "encourages a more efficient allocation of economic resources and mitigates unnecessary risk to taxpayers. Ownership of transmission assets is best carried out by the private sector where there are appropriate market and regulatory incentives."

The administration believes it could sell the BPA's transmission assets for \$5.2 billion. At that price, it probably could attract a buyer, seeing how the assets actually are valued at more than \$6 billion. It would be a sweet deal indeed, possibly for one of Trump's cronies.

It would be not such a sweet deal for Northwest ratepayers, who likely would be facing rate increases intended to cover the rising cost of transmission: One estimate from Robert McCullough, a Portland energy consultant, is that the cost of transmission could increase some 44 percent.

So no wonder that the proposal last week drew such negative reviews from Northwest lawmakers.

And not just in the Northwest: Because the budget also proposes selling transmission assets operated by other federal power marketing administrations, including the Tennessee Valley Authority, it also drew pans from Republican lawmakers in Trump-friendly states.

This response, from Tennessee Sen. Lamar Alexander, a Republican, was pretty typical: "This looney idea of selling TVA's transmission lines seems to keep popping up regardless of who is president. It has zero chance of becoming law."

Which makes one wonder: Why even propose something like this in the first place, something that has no chance of getting through Congress?

Well, on one hand, it could be just simple ideology, the idea that the private market always works best, with some exceptions. But, as McCullough noted in a report last year, power transmission is one of those exceptions: "The very nature of electric transmission makes it ill-suited for privatization," he wrote, and added: "In general, efficiency gains from privatization are only realized when there's market competition." But competition in this case is extremely unlikely, because no one's going to build another power grid. In fact, McCullough noted, privatization may mean that electrical service in rural areas could suffer.

So the proposal may simply be part of the cynical smoke-and-mirrors way that the federal government deals with spending: By adding in phantom proceeds from a sale that no one expects to take place, the administration looks like it's trying to chip away at the deficit.

Of course, it is not. Eventually, of course, the nation will have to get serious about dealing with that deficit. But is it too much to ask for solutions that make a modicum of sense? Selling the BPA's transmission lines doesn't satisfy that particular test. (mm)

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