

Sustainable Electricity Grid Development and the Public: An Economic Approach

EPRG Working Paper 1411

Cambridge Working Paper in Economics 1432

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Abstract

Increasingly, local opposition to new electricity grid development projects cause lengthy delays and places financial and practical strain on the projects. The structure of the electricity industry is in transition due to the emergence of smaller but more numerous electricity generation facilities. Also, the general public and local communities are increasingly active and engage with energy and environmental issues. Thus, the traditional decision making frameworks and processes are proving less effective in solving the present time conflicts between local communities and other stakeholders. This paper proposes an economic approach to resolve such conflicts. This paper discusses how compensation, benefit sharing, and property rights can play a role in reducing community opposition to new grid developments. We argue that these methods need to be part of an overarching societal strategy and policy towards environmental effects of grid development. We then propose that such impacts can be addressed within the framework of ‘weak’ versus ‘strong’ sustainability. Finally, we suggest that the concepts of ‘collective negotiation’ and ‘menu of options’ in regulatory economics can be adapted to operationalize this sustainability-based approach to community engagement with new grid projects.

Keywords Electricity transmission; Social sustainability; public and local opposition; compensation and benefit sharing.

JEL Classification L43, L94, D23, D70

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Publication August 2014
Financial Support Sustainable Grid Development (SusGrid) research project, funded by the Norway Research Council