

July 14, 2011

The Honorable Harry Reid
Majority Leader
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

The undersigned electric utilities, environmental, manufacturing and science-based organizations, and transmission, renewable, and other energy developers, constructors, and advocates are writing to express our concerns with the electric transmission legislation (S.400) recently introduced by Senators Ron Wyden (D-OR), Bob Corker (R-TN), and others. This legislation has been portrayed as necessary in order to protect customers from paying for transmission from which they receive little or no benefit. However, while the sponsors are well intentioned, in seeking to restrict the way the cost of new electric transmission facilities may be allocated, S. 400 adopts an unreasonable benefit standard that will have the practical effect of thwarting the construction of transmission needed to reliably deliver new sources of generation and to foster competition. If passed, this legislation would also undermine the voluntary regional agreements that determine how electric infrastructure is funded today, despite wide stakeholder support, by requiring a single, federally mandated, standardized approach to cost allocation.

There is another way. The Federal Energy Regulatory Commission (FERC) is now developing just and reasonable rules for regions to apply as the regions develop new individualized cost allocation methodologies. Overall, FERC's proposal requires that only those who benefit from new electric transmission facilities pay for those facilities and that the amount paid should be "roughly commensurate with the benefits received." Under this standard, those who do not benefit from new transmission do not pay the cost of that transmission. Thus, once finalized, FERC's rule change would render S.400 unnecessary.

Collectively, the undersigned companies and organizations ask you to oppose S. 400. Congress should preserve the progress stakeholders and States have made in crafting consensus agreements that support needed transmission in their regions. S.400 will throw existing and future processes for funding needed electric infrastructure into disarray and choke off the transmission investment needed for the economic growth of our nation, simultaneously hindering both reliability and competition, and inhibit the enhancements to energy security, national security and environmental benefits that transmission investment will provide. We thank you for your attention to this important issue.

Respectfully,

Advanced Control Systems
Allete/Minnesota Power

Alliance for Clean Energy New York, Inc.
American Electric Power Company, Inc.

American Transmission Company
American Wind Energy Association
Atlantic Wind Connection
Austin Energy Partners, LLC
Blue-Green Alliance
BP Wind Energy
California Wind Energy Association
Center for Energy Efficiency and Renewable
Technologies
Center for Rural Affairs
Citizens for Pennsylvania's Future
Clean Power Campaign
Climate + Energy Project
Competitive Power Ventures
Denali Energy
Electric Power Consulting
Energy Future Coalition
enXco Inc.
EverPower Wind Holdings
Falcon Steel Co.
Fresh Energy
Gamesa Technology Corporation
Goldwind USA, Inc.
Gradient Resources
Great River Energy
Henkels & McCoy, Inc.
Horizon Wind Energy
Iberdrola Renewables, Inc.
Independent Energy Producers
Interwest Energy Alliance
Iowa Environmental Council
ITC Holdings Corporation
Invenergy, LLC
Lincoln Renewable Energy, LLC
LM Wind Power
LS Power Transmission
MacLean Power Systems
MasTec, Inc.
Metro Wire & Cable
MidAmerican Energy Holdings Company
Mid-Atlantic Renewable Energy Coalition

Missouri River Energy Services
Mitsubishi Power Systems Americas, Inc.
M. J. Electric, LLC
Montana-Dakota Utilities Co.
Mortenson Construction
National Electrical Manufacturers Association
National Grid
Natural Resources Defense Council
NextEra Energy Resources
Nordex USA, Inc.
Northwestern Energy
OGE Energy Corp.
Ohio Environmental Council
Otter Tail Power
Pattern Energy Group
Project for Sustainable FERC Energy Policy
REpower USA
RES Americas
Shell Wind Energy
Solar Energy Consulting, Inc.
Solar Energy Industries Association
Southern States LLC
Southwest Power Pool
Starwood Energy Group Global, LLC
Suzlon Wind Energy Corporation
Systems Control
TPI Composites
Trans-Elect
Trinity Structural Towers, Inc.
Trinity Traffic and Lighting Structures, Inc.
Trinity Utility Structures, LLC
Union of Concerned Scientists
Utility Supply & Construction
Vestas Americas
WESCO International
Western Grid Group
Western Independent Transmission Group
The Wilderness Society
Wind on the Wires
WIRES

cc: The Honorable Jeff Bingaman, Chairman, Senate Energy and Natural Resources Committee

The Honorable Lisa Murkowski, Ranking Member, Senate Energy and Natural Resources
Committee

Members, Senate Energy and Natural Resources Committee