



June 25, 2009

The Honorable Representative Harry Waxman
Chairman of the [House Committee on Energy and Commerce Committee](#)
2204 Rayburn
House Office Building
Washington, D.C. 20515

Dear Chairman Waxman:

WIRES, the principal national organization dedicated exclusively to promoting investment in the nation's transmission infrastructure, expresses thanks to you and the Committee for your leadership in promoting the clean energy economy. Transmission is key to that energy future. Although WIRES cannot support the transmission provisions (Section 151) of the H.R. 2454 as revised from the Committee's draft, we believe this important undertaking by you and your colleagues will advance constructive discussion of the challenges facing the transmission system.

WIRES subscribes to the conclusions of the National Renewable Energy Laboratory (NREL) that transmission for renewables – and indeed transmission that serves a variety of economic and reliability purposes – is in need of fundamental regulatory reform. Changes in transmission planning, siting, cost allocation, and cost recovery are timely, both for renewable energy and greenhouse gas reductions and to ensure a reliable and secure electric economy. In our view, the new draft will not fulfill these objectives. This is not to say that federalization or preemption of the states' role in transmission is the answer. It is to say, however, that more time to reflect on these critical issues should yield different and more practical results.

In brief, we see the following issues:

1. Transmission functions as a highly integrated network in all places. Indeed, the grid is truly North American. If regulatory clarity and certainty are the goal, establishing distinctly different regulatory approaches for each interconnection is counterproductive.
2. The National Interest Electric Transmission Corridor process is a controversial scheme that has provided no value. Federal backstop authority should be available in all siting situations but especially where multi-state, extra-high voltage facilities are at issue. Limiting backstop siting in the East to corridors designated under existing section 216

has not worked. The draft compounds this problem by distinguishing between interstate and intrastate facilities, which is a distinction that does not exist operationally. In fact, the concept seems borrowed from natural gas pipeline regulation, where molecules (unlike electrons) can in reality be kept within state boundaries.

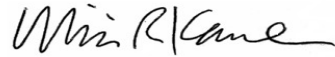
3. We all agree that planning must be effective and efficient and result in a dispositive ruling on specific projects. Although WIRES admits a preference for a small number of planning authorities under FERC supervision, the “bottoms-up” approach in the revised draft might work if planning were to be mandatory, stakeholder-friendly, and conducted in each instance by bodies that are independent from the influence of market participants. The draft simply invites too many cooks into the kitchen. We fear the result will be manipulation of the process and anti-competitive behavior, not to mention duplicative and lethargic processes with uncertain outcomes.

4. WIRES was the first organization to be vocally in favor of continued state siting authority, provided that individual states were not empowered (as they now are) to re-decide which additions to the integrated grid are needed or are not needed. That is a job for planners, subject to major state consultation under Order No. 890. Unfortunately, the draft contains no mechanism by which planners should arrive at a determination of need. In general, WIRES supports genuine improvements over today’s convoluted and archaic regulatory regime.

5. The certificate process in the draft reflects an understandable preference for alternative energy but WIRES sees no basis in that or any other goal for different practices in the two interconnections. Western projects may indeed be more likely to serve renewable resources but the draft creates a barrier to certification for projects that have other valid purposes. Moreover, it leaves the determination of need for a facility to the states in the first instance. It is this defect in the current relationship between state authority and regional planning, not just the decision about where to site the project, that is helping make transmission cases so litigious and duplicative. We look in vain for help in this draft.

With due respect to the hard work of the Committee and its staff, WIRES respectfully requests that, if time is a critical consideration, the original Committee draft on transmission be reinstated. In any event, WIRES genuinely looks forward to working with you and your colleagues during the legislative process to craft workable transmission regulatory reforms that will benefit the environment and the economy in the coming decades.

Respectfully submitted,



Will Kaul, President
WIRES



James Hoecker
Counsel to WIRES

cc: The Honorable Nancy Pelosi
The Honorable Ed Markey
The Honorable Jay Inslee

*WIRES (Working group for **I**nvestment in **R**eliable and **E**conomic electric **S**ystems) is a non-profit business and educational association of investor-owned, publicly-owned, and cooperative transmission providers, customers, and technology and service companies formed to promote investment in electric transmission and progressive State and Federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. For more information, visit www.wiresgroup.com or contact 202-378-2316.*