



## 5. ENERGY POLICY: Obama nominees set to tackle large U.S. energy infrastructure

(02/03/2010)

**Katherine Ling, E&E reporter**

President Obama's choices to head federal efforts to upgrade the nation's transmission and bring Alaska gas south received bipartisan support yesterday at a hearing of the Energy and Natural Resources Committee.

"We are fortunate to have two highly qualified nominees, and I strongly support their nomination," Chairman Jeff Bingaman (D-N.M.) said.

But the nomination process may be the easiest part of their jobs if they are confirmed, both nominees acknowledged.

Larry Persily, nominated to be federal coordinator for the Alaska Natural Gas Transportation Projects, said building a pipeline to bring natural gas down from the North Slope would be an infrastructure feat the likes of which has rarely been seen. The federal coordinator position was created in 2004 to expedite construction of the pipeline, which has been in the works for more than two decades.

The project is now estimated to cost up to \$40 billion and would require 2.5 million tons of steel and more than 5,000 bulldozers, backhoes and other construction equipment, Persily said.

"Just the complexity of the project ... the size is just a hurdle," Persily said. "The reality of the numbers, the risks, the problems involved in it. Just because we want it to happen doesn't make it happen," he said.

But Persily said despite the economic hurdles and competition from significant stores of domestic shale gas, building the pipeline is worthwhile.

"The economic benefits of secure, domestic energy supply would spread across North America, along with the environmental benefit of clean-burning natural gas," Persily said. "The president supports the project."

There are currently two competing projects to build the pipeline -- a partnership of TransCanada Corp. and Exxon Mobil Corp. and a partnership of BP PLC and ConocoPhillips -- but Persily said in the end there can only be one pipeline.

"Eventually it is going to be one pipe," he said. "There will be some type of a commercial deal between the two projects," which Persily said he hopes he can help broker. He also plans to work with the companies to ease any federal barriers to the projects.

"I must tell my colleagues that Larry is a fine choice," ranking member Lisa Murkowski (R-Alaska) said.

### Transmission

Patricia Hoffman faces the task of heading DOE's efforts to expand, upgrade and protect the nation's electricity grid, but power lines are not a popular item if they are in a lawmaker's home state.

Sen. Robert Menendez (D-N.J.) peppered Hoffman with questions about what DOE is going to do about "national interest electric transmission corridors," that currently include the whole state of New Jersey and several other states in the mid-Atlantic and New England and a separate area in the Southern California-Arizona region.

The 2005 energy bill tasked DOE with analyzing the grid every three years and choosing areas of congestion where the Federal Energy Regulatory Commission would have "backstop" siting authority for transmission lines.

"It is an enormous area that doesn't really strike me as a corridor," Menendez said. "Will the congestion study be detailed enough to see congestion on every transmission line ... will the corridors be redrawn only as large enough as necessary?"

Hoffman said the 2009 congestion study should be released as early as this spring but would not necessarily narrow the corridors named after the 2006 study.

"We are just identifying problems in the U.S. with the ability to bring generation to demand," Hoffman said. The study will also look at multiple solutions to meeting electricity demand and congestion including efficiency, on-site generation, demand response and transmission, she said. Additional or modification to the corridors will be made after DOE receives comments on the study, Hoffman

added.

Menendez said he was still "somewhat unsettled" by Hoffman's answers and would seek an additional interview with the nominee.

Hoffman said at the hearing, "My goal will be to make measurable progress in integrating clean energy resources into the grid, while maintaining a reliable and secure electric system."

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