



WIRES News

An Update on Transmission Law and Policy from the
Working group for Investment in Reliable and Economic electric Systems

WIRES Study: Transmission Means Jobs And Other Economic Benefits

A new [analysis](#) commissioned by WIRES and released on May 11 shows that annual investment in new electric transmission facilities could soon reach \$12-\$16 billion in the United States, resulting in \$30-\$40 billion in annual economic activity. This translates into support for 150,000-200,000 new full-time jobs in the U.S. in each of the next 20 years and between 20,000 and 50,000 new jobs each year in Canada.

The [study](#), conducted for WIRES by Johannes Pfeifenberger and Delphine Hou of The Brattle Group, an international economic consulting firm experienced in electricity industry matters, finds that expanding and upgrading the grid to meet identifiable economic and reliability needs, as well as state renewable energy mandates, will help drive economic recovery and set the stage for the electric economy of the 21st century. In addition to the employment and downstream economic impacts of transmission manufacturing and construction, investment in needed transmission will annually support 130,000-250,000 full-time U.S. jobs in the emerging renewable energy industry to which transmission capacity is so critical.

Duke Energy, Manitoba Hydro Become Newest WIRES Members

WIRES this spring welcomed two new members - [Duke Energy](#) and [Manitoba Hydro](#). Among its many business ventures, Duke Energy owns and operates an extensive network of more than 25,000 miles of high capacity transmission lines, which are designed to bring electricity from generating stations out into communities.

Manitoba Hydro is a Canadian Crown Corporation and the major energy utility in Manitoba. Among other initiatives, it exports electricity to more than 30 electric utilities through its participation in four wholesale markets in Canada and the Midwestern United States. Manitoba Hydro is the second major Canadian company to join WIRES.

WIRES Tells DOE Secretary Chu That Transmission Infrastructure Needs to Be Part of Strategic Planning

In a May 26 [letter](#) to U.S. Secretary of Energy Steven Chu, WIRES expressed concern that the recently-issued Strategic Plan of the U.S. Department of Energy, in stating its goals for "modernizing" the electric grid, altogether ignores the need to upgrade and expand America's high-voltage electric transmission system.

WIRES' letter to Secretary Chu indicates that the electric transmission industry and capital markets are prepared to marshal resources and expertise in pursuit of a stronger grid. It points out, however, that there remain serious barriers to planning and constructing the most efficient transmission system for the nation's 21st Century requirements. Leadership from the Department of Energy "is critical to

advancing a national policy that favors responsible expansion of the transmission grid," stated WIRES President Jolly Hayden on behalf of the organization.

WIRES University's Electric Transmission 101: How the High-Voltage Grid Works and Who Regulates It

On April 7, WIRES and the Environmental and Energy Study Institute (EESI) held a [WIRES University briefing](#) about regulatory and policy issues affecting the nation's electric power system.

Panel participants included representatives of: Clean Line Energy; the Office of Energy Policy and Innovation at the, Federal Energy Regulatory Commission; Southwest Power Pool; and the Western Governors Association. Under the moderation of WIRES Counsel Jim Hoecker, they discussed the 21st century grid and how it is managed and regulated from the perspective of federal regulators, transmission providers, state officials, and regional transmission organizations.

Another briefing is planned for mid-July; it will address transmission development as a stimulus to the economy. For information on the date and time, be sure to check the WIRES Web site at www.wiresgroup.com

The nation is likely to invest more than \$300 billion in electric transmission during the next 20 years. By delving into the operation and regulation of the grid and the interstate flows of electricity it supports, the briefing was designed to provide a foundation for discussions about cost responsibility, land use issues, transmission planning, integration of variable renewable energy resources, and other issues that are becoming more important to the future of the power industry.

FERC Staff Issues Energy Infrastructure Update

FERC's latest [energy infrastructure update](#), released in March, included these significant transmission-related items:

- Dominion Resources Inc. announced plans to spend more than \$1.7 billion over a two-year period to strengthen its electric grid. The \$1.7 billion for reliability projects is part of \$7.4 billion in infrastructure expansions and improvements announced earlier by the company. The reliability improvement projects started in 2010 and are expected to be complete in 2011.
- The Bonneville Power Administration announced plans to build 38 mile, 500-kV transmission line. The project is estimated to cost \$99 million. It will connect a new substation near the Port of Central Ferry in Garfield County, Wash., to the existing Lower Monumental substation in Walla Walla County, Washington.
- NV Energy and Great Basin Transmission South LLC received permission from the Bureau of Land Management to build the One Nevada Transmission Line, or On Line. On Line is a 236 mile, 500 kV transmission line is that will connect north of Las Vegas to Ely. The new line is expected to provide better access to northern Nevada geothermal energy and southern Nevada solar energy after it is completed in January 2013.

Legal/Regulatory Notes

FERC Issues Important NOI On Electric Transmission Incentives Program

The Federal Energy Regulatory Commission [announced in May](#) that it was seeking comments on its electric transmission incentives program under [Section 219 of the Federal Power Act](#). This important inquiry (Docket No. RM-11-26-000) is a response to criticism that the 2006 incentive program has

stimulated \$50 billion in requests but may not be addressing the goals of the statute.

The Energy Policy Act of 2005 directed FERC to provide incentive rates to encourage transmission infrastructure development, primarily to ensure reliability and reduce congestion. FERC issued Order No. 679 in 2006 to identify specific incentives available to qualifying applicants, including return on equity adders, recovery of 100 percent of prudently incurred abandoned plant costs, inclusion in rate base of 100 percent of prudently incurred construction work in progress, recovery of pre-commercial operations costs, hypothetical capital structures and accelerated depreciation.

FERC's May 19 Notice of Inquiry poses 74 specific questions related to FERC's implementation of its transmission incentives program, including:

- What factors should the Commission consider in evaluating an application for incentives?
- What obstacles are faced by transmission developers and what incentives are best suited to addressing those obstacles?
- How should the Commission consider changes in cost estimates?
- What other factors should the Commission consider in implementing the law?

Comments are due on July 26.

On the same day of the NOI, FERC approved [transmission rate incentives](#) for Atlantic Wind Connection, a WIRES member.

FERC Sets Forth Standards of Conduct For Transmission Providers

On April 8, the Federal Energy Regulatory Commission issued Order No. 717-A to address requests for rehearing and make clearer the [Standards of Conduct](#) as implemented by Order No. 717.