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WIRES Commentary: Enthusiasm for Electric Transmission Legislation Should Be Tempered By Pragmatism and Broad Goals

WASHINGTON, DC – After wrapping up its First Quarter meeting in Washington on March 31, WIRES' President Will Kaul, head of the Midwestern CapX2020 coalition and vice president of Great River Energy, remarked that "WIRES is immensely gratified that federal policy makers are now focused on the need for a stronger transmission system in virtually all parts of the country. Everyone seems to recognize that the grid requires our attention and major investment. However, the growing number of differing reform proposals now being developed in Congress and by outside advocates, narrowly aimed at facilitating renewable energy development, are no guarantee of a workable result. This is a particular concern because electric reliability and security are so central to our economy and whatever this Congress decides about transmission will govern the grid's development for a generation or more," stated Kaul.

"In the meantime, FERC needs to consistently and proactively enforce the principles of Order No. 890," said Jim Hoecker, Counsel to WIRES and former FERC Chairman. According to WIRES, a lack of policy coordination and continued balkanization in transmission planning can be seen in several recent developments. For example, cancellation of a 190-mile electric transmission line project across New York State, irrespective of the project's merits, highlights the need to rationalize the planning and authorization of transmission projects. The New York Regional Interconnect (NYRI) withdrew from the line's siting process after expending substantial time and investment, blaming the Federal Energy Regulatory Commission's (FERC) refusal to review ISO rules that provide that 80 percent of stakeholders (including parties for whom the line may represent competition) must vote to approve the project.

"We think that FERC passed up an important opportunity to re-assess whether rules like those that thwarted NYRI are fundamentally at odds with the principles of Order No. 890 and the growing demand for true regional planning," asserted Hoecker. "Regardless of who was at fault for the impasse in New York, this case – like the stalemate over Southern California Edison's Palo Verde to Devers project – argues for a stronger stance in support of regional, if not federal, leadership in planning needed grid expansions. Hopefully these cases have caused Congress to question current planning and siting laws. Although it is still early in the legislative process, we remain adamant in urging Congress to provide a clearer and more direct regulatory path to approval for worthy projects at all voltage levels.

WIRES observes that policymakers often seize upon land use and other local concerns as the principal obstacle to transmission development. Those concerns are important and largely legitimate, however, and must be understood and accommodated where possible. State siting processes are therefore helpful. That said, WIRES supports new laws and regulations that put the nation's overall interest in a less congested, more reliable, well-planned transmission system first. That will entail greater federal oversight, if not control, of how the 'need' for transmission is determined, even if states make routing decisions. That is an issue for professional planners to decide, not Congress. The toughest challenge to effective planning and expansion of the grid is the continued balkanization of regulatory processes and opposition to transmission that is largely motivated by a desire to protect markets. "No other integrated network in the economy – not highways, or rail systems, or communications – is subject to such a variety of regulatory standards, procedures, and institutions," stated Hoecker. "Aging and undersized facilities and chronic congestion are acknowledged as problems that are looming over today's grid. Yet, the reforms currently under consideration do not address those issues squarely."

Experts project that hundreds of billions of dollars in investment must go into ensuring the grid's adequacy and interconnecting massive new renewable resources in the next 20 years. If that is the case, Congress should not be eager to promote an expensive extra high voltage transmission add-on dedicated to serving only one resource, even one as 'green' as wind, with the intent to skirt state jurisdiction in that situation only. Superb advocates for transmission, like the Center for American Progress in its discussion of the National Clean-Energy Smart Grid, make the mistake of trying to use transmission policy to predetermine the entire energy future by promoting progressive solutions for limited ends. At this stage in the legislative process, warns WIRES, the potential still exists for sub-optimal results even from implementation of some very progressive reforms.

“WIRES is highly supportive of transmission for renewables, including a possible high voltage grid overlay that can move renewable energy to many markets. It supports pragmatic planning that takes full account of opportunities for energy efficiency, demand response, and distributed generation. But, realistically, our ability to determine the need for transmission based on such considerations diminishes as the scope of the planning process broadens to include entire interconnections,” emphasized Kaul. “We have seen that regional planning works, in part because stakeholders have a chance to participate. Interconnection-wide planning is nevertheless a possible way to set broad policy goals; for example, the Joint Coordinated System Plan developed by RTOs and major utilities has mapped out how transmission can be built to achieve 20 percent wind power in the Eastern Interconnection by 2030. That same plan requires roughly the same level of new generation from other resources, however. That’s a critical lesson,” Kaul said hopefully.

The WIRES membership this week communicated detailed positions on the planning, siting, and cost allocations aspects of the forthcoming transmission legislation to Ms. Carol Browner, Assistant to the President for Energy and Climate Change.

WIRES (Working group for Investment in Reliable and Economic electric Systems) is a non-profit trade association of 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 Jim Hoecker at 202-378-2300.