

An Update On Public Policy Developments From...



www.wiresgroup.com

December 2008

Editor's Note: This is the first in a series of monthly updates about what WIRES is doing to promote investment in electric transmission—and to advocate for progressive state and federal policies that advance energy market and economic efficiency while fostering consumer and environmental benefit.

For more information – or to become a WIRES member – *visit the recently enhanced WIRES Web site at www.wiresgroup.com or contact **Jim Hoecker**, Counsel & Advisor to WIRES (202-378-2316 or 202-549-0584/jhoecker@helppllc.com).*

New Administration, Congress, Head to Washington; WIRES Steps Up to Educate Them on Transmission Issues

As newly elected President **Barack Obama** and more than 50 new members of the **U.S. Congress** take office, WIRES is launching an ambitious program to help policy makers understand the challenges facing America's electric grid and the urgency for new investment. In a special January briefing that we call, "Transmission 101," *our core message is that truly comprehensive national energy policy must reflect the need for a transmission system that meets today's power demand **and** is designed for a future more reliant on innovative "clean" generation that often is far from major load centers.*

Beyond the White House and Capitol Hill, WIRES' work will continue to include regular dialogue with the **Federal Energy Regulatory Commission**, the **North American Electric Reliability Corporation** and other key players in managing and enhancing the grid.

Positive Coverage for WIRES Study of Progress/Best Practices In Integration of Locationally-Constrained, Renewable Generation

October saw release of a new WIRES study detailing significant progress in preparing America's electrical grid for integration of innovative, renewable and carbon-neutral generation sources. In releasing *Integrating Locationally-Constrained Resources Into Transmission Systems: A Survey of U.S. Practices*, WIRES warned that a successful, large-scale shift to clean energy demands a bold and far-reaching commitment by utilities, regulators and policymakers to provide

infrastructure – plus new rules that enable often-remotely located clean resources to be linked to consumers efficiently and economically. (Significantly, President-Elect Obama has said he wants 10 percent of electricity to come from renewable sources by 2012, and 25 percent by 2025.)

Details of the study were reported in *Energy Daily*, *Electric Power Daily*, *Transmission & Distribution World*, *New Energy News* and other outlets. **Morgan Stanley Research**, in its Oct. 27 report on utility issues, said:

“We think the WIRES report represents something of a breakthrough because it is the first truly comprehensive study that looks across the country, across all regulatory jurisdictions, and across different industry silos. In each case it examines what works, what is actually getting done, what doesn’t work, and why, regrettably, nothing is happening in far too many places.”

The full report is available at:

http://wiresgroup.com/images/WIRES_Report_LCR.pdf

NERC Reliability Assessment Says More Transmission Needed To Maintain Bulk System Reliability, Integrate New Generation

More support for aggressive transmission expansion and enhancement comes from the **North American Reliability Corporation**. Its **2008 Long-Range Reliability Assessment** looks at needs over the coming decade. Among other things, NERC found:

- Dependence on wind generation is growing, but with it a need to ensure that these variable resources are reliably integrated into the bulk power system.
- Total miles of transmission additions have increased, but much more transmission will be required to reliably integrate projected location-constrained resources such as wind, nuclear, clean coal and others into the bulk power system.

The full report is available at: <http://www.nerc.com/files/LTRA2008.pdf>

Analyst Presses for “Interstate Electric Highway System”

Strategic improvements to the nation's high-voltage transmission infrastructure are needed to meet the for clean, reliable, and affordable power supplies in a carbon-constrained world, writes Managing Principal Susan F. Tierney of Boston-based Analysis Group in her proposal for an “Interstate Electric Highway System” in the image of the National Interstate Highway System.

The complete Tierney White Paper (“21st Century ‘Interstate Electric Highway System’”) is available at:

http://www.analysisgroup.com/analysisgroup/uploadedFiles/Publishing/Articles/Tierney_21st_Century_Transmission.pdf

WIRES Members Featured At FERC Technical Conference on Transmission Barriers

Among the industry leaders speaking at an Oct. 14 FERC technical conference in Washington on transmission barriers to entry were WIRES Vice President **Paul McCoy**, President of Trans-Elect Development Company, and **Joseph L. Welch**, Chairman, President and CEO of ITC Holdings Corp.

Other panelists exploring barriers to transmission development in the U.S. – and potential solutions – included representatives of new entrants, a private equity firm, a public power concern, a regional transmission organization, real estate investment trusts and Maine’s state regulatory body.

Full copies of prepared remarks by Welch and McCoy are available on the WIRES Web site at: http://wiresgroup.com/images/WIRES_FERC_JWelch_081014.pdf
<http://wiresgroup.com/images/McCoy-FERC-Statement-081014.pdf>

FERC Approves Incentives for Transmission Lines

The Federal Energy Regulatory Commission in early December approved rate incentives for two power transmission projects that would transit wind power.

The proposed projects include the \$500 million, 170-mile, 765-kilovolt (kV) Tallgrass Transmission project in Oklahoma and the \$600 million, 230-mile, 765-kV Prairie Wind Transmission project centered near Medicine Lodge, Kansas.

These are just two of the many lines that will be needed in coming years to help meet the growing demand for electricity of alternative, non-carbon generation sources.

For more information, go to <http://www.ferc.gov/news/media-alerts/2008/2008-4/12-03-08-mediaalert.pdf>

WIRES Seeks New Members From All Sectors!

WIRES is the transmission industry’s voice on key public policy issues at all levels of government. During the coming year of change and challenge in Washington, your support for WIRES – and participation in its advocacy programs – are essential to building America’s electrical grid to meet both current and emerging challenges.

If you’re not already a member, join WIRES by contacting Jim Hoecker (202-378-2316 or 202-549-0584/ jhoecker@helppllc.com).

For more information what WIRES is, and how we're already helping drive the energy policy debate, visit our enhanced Web site at www.wiresgroup.com