



February/March 2011

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April 7-8

WIRES

Spring Meeting

Washington, DC

For information, [email](#)

Jim Hoecker or call:

[202-378-2316](tel:202-378-2316)

WIRES News

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

Proposed Senate Cost Allocation Formula Threatens Needed Transmission Investment



Transmission legislation introduced in February by U.S. Senators Bob Corker (R-TN) and several co-sponsors, while ostensibly intended to protect consumers from unwarranted energy and infrastructure costs, will instead thwart needed investment in the high-voltage grid and curtail the nation's ability to develop domestic energy resources and ensure reliable and efficient electric service. The bill does so by imposing an unprecedented and unnecessary limitation on the authority of the Federal Energy Regulatory Commission (FERC) to allocate transmission costs to all those who benefit from such investment. Although WIRES does not endorse any single allocation methodology for all circumstances, it maintains that this kind of legislation is unnecessary and potentially harmful to plans to build out the grid. FERC has exercised authority to allocate transmission costs in the public interest for more than 75 years, under changing circumstances. In attempting a formulaic approach, the Senate bill introduces a rigid but ambiguous standard, thereby erecting an additional barrier to development of a 21st Century grid and creating uncertainty for potential investors.

[Read the legislation.](#)

[See the news release detailing WIRES concerns about the bill.](#)

Latest on FERC's NOPR

A Final Rule is expected in April or May on FERC's proposal to enact the most important transmission planning and cost allocation reforms in a decade. (Docket No. RM10-23-000)



On June 17, 2010, FERC issued a Notice of Proposed Rulemaking proposing to amend the transmission planning and cost allocation requirements established in Order No. 890 to ensure that Commission-jurisdictional services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. The proposal, which would require the first basic changes in competitive wholesale electric markets in several years, attracted more than 200 comments and preemptive objections from members of the U.S. Senate (see story above). Any prospect for encouraging major new investment in transmission investment through federal policy now appears to rest with the Commission. Observers expect virtually any Final Rule to be subject to court review.

WIRES previously petitioned FERC in November 2009 to build upon its Order No. 890 reforms and develop transmission cost allocation principles that would create a "clearer path to cost recovery" for America's electric transmission investors, providers, and customers. FERC's proposal builds on that suggestion.

[Read the WIRES Comments Filed with FERC, September 29th, 2010](#)

The High-Voltage Grid Is Smart and Getting Smarter, New

WIRES Report Explains

A new WIRES report - [Smart Transmission: Modernizing the Nation's High-Voltage Electric Transmission System](#) -

examines the emerging "smart grid," focusing on how modern technology addresses operational challenges confronting the North American bulk power system. As the demand for energy and the number of wholesale power transactions increase, as system congestion and reliability problems recur, and as clean energy policy and concerns about energy independence promote fuel diversity and access to location-constrained renewable resources, the "smart grid" is emerging as a critical tool in the development and evolution of wholesale power markets.



The report provides concrete technical explanations of the communications, sensor, control, and other modern technologies deployed on today's electric transmission system, as well as the smart grid developments that show promise for the future. "Smart Grid" is not just about metering functions at the distribution level of the industry. Bulk power system operations are already based on advanced technology.

[Read the WIRES news release.](#)

AltaLink, Louis Berger Group, and Atlantic Wind Connection Are Newest WIRES Members

As 2010 came to a close, WIRES' membership expanded with the addition of three new members:

- **AltaLink**, Canada's only fully independent transmission company;
- **The Louis Berger Group, Inc.**, a U.S.-based international consulting firm providing numerous services in the energy sector; and
- **Atlantic Wind Connection**, a backbone transmission project led by independent transmission company Trans-Elect, with Atlantic Grid Development as project developer and Good Energies, Google and Marubeni Corporation as sponsors.

The U.S. and Canada, which share the world's longest unfortified border, have developed an integrated transmission system to span our vast continent and assure plentiful and reliable energy in both nations. AltaLink is an important part of this effort by making significant contributions to the evolution of that network in western North America.

The Louis Berger Group is a leader in helping both government agencies and private companies address complex and challenging infrastructure issues.

Atlantic Wind Connection has proposed construction of a major transmission line to bring power to the heavily populated Eastern U.S. from offshore generation along the Mid-Atlantic coast.

"WIRES is delighted to have these new members to support our effort as we strive for solutions to the policy issues facing our electric transmission system" said WIRES President Jolly Hayden.

FERC Approves Innovative MISO Cost Allocation Proposal

In December 2010, FERC approved a Midwest Independent System Operator cost allocation plan to remove a critical barrier to the development of transmission that will maintain grid reliability and deliver cleaner, cheaper energy to Midwest consumers.

The proposal is intended to enable the region to comply with energy

policy mandates and to address reliability and economic issues affecting multiple transmission zones within the region. FERC said it improves Midwest ISO's ability to ensure that the costs of transmission projects with regional benefits are properly assigned to those who benefit. [Read FERC's news release.](#)

WIRES University 101 Planned for April; Will Look at How Grid Works and How It Is Regulated

The first WIRES University session of 2011 is being planned for early April on Capitol Hill. WIRES University 101 will provide an essential overview of grid operations and regulations that is particularly important for the many new House and Senate staffers. The briefing will be held in conjunction with WIRES' spring meeting in Washington, April 7-8. Watch for the date, location and other details on the WIRES Web site - www.wiresgroup.com

Legal Notes

Appeals Court Rejects U.S. Bid to Establish National Interest Transmission Corridors

On February 1, a three-judge panel from the U.S. 9th Circuit Court of Appeals rejected the U.S. Department of Energy's designation of national interest corridors for new high-voltage electric transmission lines that would cover 100 million acres in 10 states. The panel ruled 2-1 that DOE failed to adequately consult states or conduct environmental reviews in identifying vast swaths of land as suitable for fast-track treatment of applications to construct transmission facilities to supply areas of inadequate capacity. A corridor designation is a prerequisite for limited exercise of federal authority to site electric transmission lines under section 216 of the Federal Power Act.

[Read the ruling](#)

FERC Clarifies ROE Policy for Electric Transmission Projects

In November 2010, the Federal Energy Regulatory Commission (FERC) acted to improve the investment climate for electric transmission projects by clarifying an important aspect of its policy for determining what return on equity is available to developers of those projects.

[Read FERC's news release](#)

If You Need, Own or Depend on Electric Transmission - You Should Join WIRES!

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 Counsel (at james.hoecker@huschblackwell.com / jhoecker@helpplc.com or 202-549-0584 / 202-378-2316). Check out our website: www.wiresgroup.com. Comments on this Newsletter or on any matter affecting electric transmission investment may be submitted to: news@wiresgroup.com