

WIRES NEWS

 January 2009

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

Transmission Initiatives Prominent in Stimulus Package; Other Opportunities Also Loom to Press Case for Transmission

The \$819 billion economic stimulus package (see WIRES 1/28/09 News Release http://www.wiresgroup.com/images/WIRES_Statement_on_Stimulus_Jan_2009.pdf) passed by the House of Representatives on Jan. 28 (with Senate action expected soon) strongly supports strengthening the Nation's transmission infrastructure. Following his inauguration, President Obama had announced that he wants more than 3,000 miles of electric transmission built in the near term, as part of the economic recovery plan. WIRES President Will Kaul and WIRES members are expressing support for that plan to the new President's advisors and leading members of Congress.

"The President has sent a powerful signal about the central importance of the transmission system to our clean energy future – and we stand ready to provide his Administration with technical support in this undertaking," stated Kaul.

In his inaugural address, President Obama put innovative energy policy – including improvements to the transmission grid – high on his priority list, saying:

"We will build the roads and bridges, the electric grids and digital lines that feed our commerce and bind us together...We will harness the sun and the winds and the soil to fuel our cars and run our factories...All this we can do. All this we will do."

In response to the President, the House bill (H.R. 1) would provide federal funding and credit support for transmission and "smart grid" technology in excess of \$11 billion. The Senate is expected to vote on a companion bill the first week of February. But the precise path remains unclear. "So far, it is difficult to see how major transmission expansion can be done in 12-24 months without a reassessment of how transmission is regulated," said Jim Hoecker, Counsel to WIRES and former FERC chairman. "Transmission regulation is unnecessarily complicated and protracted. But I think we can address such challenges at no cost to the environment. Building 3,000 miles of lines is only a start."

Economic stimulus legislation is not the only, or even the primary, way that Washington will try to change transmission legislation this year, however. WIRES will press its case for a more modern and robust electric transmission system in the context of a widely-anticipated energy bill that will include a national renewable portfolio standard and in climate change legislation, which will promote cleaner energy resources. WIRES will be at the forefront of those debates – working, among other things, to eliminate the barriers that today's extended regulatory time frames present to modernizing the transmission network in the interest of developing cleaner resources, ensuring service reliability, and protecting national security.

WIRES Kicks Off Effort to Educate New Lawmakers, Staff On Transmission Issues

On January 15, WIRES and the Environmental and Energy Study Institute (EESI) held the first of two briefings designed to explore key issues associated with the planning, construction, operation and regulation of the nation's high voltage interstate electric transmission network. The event provided more than 100 attendees with a basic explanation of how the high-voltage "grid" actually works, what it accomplishes, and how it is regulated. *(Continued, next page)*

Member's Column

WIRES Welcomes Newest Members!

Three key players in the transmission world – including two companies that are helping lead the surge of new technologies to meet changing energy needs and the challenges of climate change – have joined WIRES.

Abengoa Solar

(www.abengoasolar.com) is the U.S. affiliate of a Seville, Spain-based company that is developing concentrating solar energy installations in the Southwestern United States. Abengoa includes companies in the domains of energy, telecommunications, transportation and the environment.

American Superconductor Corp.

(www.amsc.com) offers an array of proprietary technologies and solutions spanning the electric power infrastructure – from generation to delivery to end use. Based in Devens, MA, the company is a leader in alternative energy, providing proven, megawatt-scale wind turbine designs and electrical control systems.

The New York Independent System Operator (www.nyiso.com) operates New York State's bulk electricity grid, administers the state's wholesale electricity markets and provides comprehensive reliability planning for the state's bulk electricity system. A not-for-profit corporation, the NYISO began operating in 1999. Significantly, the WIRES membership now includes four of the nation's six regional transmission organizations (RTOs).

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 Jim Hoecker (202-378-2316 or 202-549-0584/ jhoecker@helppllc.com).

WIRES Kicks Off Effort to Educate New Lawmakers, Staff On Transmission Issues

(continued, from previous page)

Speakers for the event included:

- ◆ **Jim Hoecker**, former Chairman, Federal Energy Regulatory Commission (FERC), and Counsel to WIRES
- ◆ **Wayne Galli**, PhD, Director, Transmission Development, NextEra Energy Resources (formerly FP&L Energy)
- ◆ **Gregory Ioanidis**, Vice President, Business Strategy, ITC Holdings
- ◆ **Kevin Kelly**, Director, Policy Analysis and Rulemaking, FERC

More details about the briefing, including a summary of areas discussed, can be found on the WIRES Web site at: www.wiresgroup.com/transmission101.html

Transmission 102

A second session, “Transmission 102” – like the first, free and open to the public with no RSVP required – will follow in February.

This session is designed to grapple with policy questions at the core of whether transmission will be adequate to enable the clean energy economy to develop:

- ◇ Who should plan transmission?
- ◇ Who should build it?
- ◇ Who should own and operate it?
- ◇ Who should site these key interstate facilities?
- ◇ Who should be entitled to use the lines?

The specific date and agenda for Transmission 102 will be posted at www.wiresgroup.com and www.eesi.org as soon as they become available.

WIRES Makes Its Case in Key Forums Nationwide

Transmission is suddenly a hot topic, not only for utilities but also for environmentalists, clean energy developers, economic development experts and state and federal policymakers, WIRES is continuing its ambitious outreach to transmission stakeholders throughout the U.S., updating the key players on WIRES activities and seeking their input as public policy initiatives continue to evolve.

During January, WIRES Counsel/Advisor Jim Hoecker traveled to Denver to meet with representatives of Western state infrastructure authorities from Idaho, Wyoming, North Dakota, South Dakota, Colorado, Kansas and New Mexico. All have the power to issue revenue bonds for electric transmission infrastructure projects. One objective is to facilitate the development and export of state energy resources. The meetings were designed to help those agencies work through regional issues and to brief them on the status of national transmission initiatives.

Hoecker also met this month with representatives of the **PJM Transmission Owners Agreement-Administrative Committee**, and with members of the **American Public Power Association’s Transmission Policy Committee** to look at the status of national policies affecting transmission. He briefed them on legislation proposed by WIRES (http://wiresgroup.com/images/WIRES_Legislation--_For_circulation_.doc) and sought their input for improving both that legislation and the approach to winning its enactment. Hoecker’s presentation highlighted WIRES’ approach as consistent with that of several groups that are seeking basic changes in the law. He nevertheless characterized WIRES’ draft bill as pragmatic, systemic (in seeking reform of planning and approval processes) and sensitive to the interests of the states, without promoting just one type of transmission ownership or project.

Meanwhile, several WIRES members will be among the speakers at the March 11-13 **Transmission Summit 2009** conference in Washington, DC. They include: **Will Kaul**, Vice President, Transmission at **Great River Energy** (and President of WIRES); **Robert Mitchell**, CEO at **Trans-Elect Development Co., LLC**; **Edward Rahill**, Senior Vice President of Finance and CFO at **ITC Holdings Corp.**; **Jon Jipping**, Executive Vice President & COO at **ITC Holdings Corp.**; **Bobby Adjemian**, Director, Transmission Services at **NextEra Energy Resources**; **Jolly Hayden**, Vice President, Transmission Development at **FPL Energy**; **Greg Ioanidis**, Vice President, Business Strategy at **ITC Holdings Corp.**; **Henry Chao**; Vice President of System & Resource Planning of New York ISO; and **Claire Moeller**, Vice President, Transmission Assets at **Midwest ISO**.

Member’s Column (cont’d)

Larry Bruneel Leaves ITC Holdings, WIRES

With the retirement this month of Larry Bruneel as Vice President, Federal Affairs at ITC Holdings, WIRES loses one of its founders and a true transmission activist. Larry has served as both President and Secretary of WIRES and was instrumental in building a strong foundation for our long-term efforts on the public policy front. *WIRES wishes Larry all the best in his future endeavors.*

Schwarzenegger Calls On Obama to Create Clear Federal Policies That Facilitate Renewable Energy and Related Transmission Projects

On January 5, California Gov. Arnold Schwarzenegger wrote to incoming President Barack Obama regarding the federal economic stimulus proposal. Among other things, he urged that Washington establish "clear policy within the U.S. Bureau of Land Management and other federal agencies to prioritize renewable energy project development and transmission on federal lands."

To read the text of the governor's letter, go to <http://gov.ca.gov/press-release/11359/>

Calls Intensify for Obama Administration To Make Grid Modernization A Priority

What Should Obama Do First? Modernize the Electric Grid

By Andrew Samwick

Capital Gains and Games

January 7, 2009

<http://www.capitalgainsandgames.com/blog/andrew-samwick/711/what-should-obama-do-first-modernize-electric-grid>

What Green Power Wants From Obama

By Andy Stone

Forbes.com

January 16, 2009

http://www.forbes.com/energy/2009/01/16/obama-green-energy-biz-energy-cx_as_0116energy.html

S.F. Chronicle Notes Importance of Transmission to Spread of Renewable Generation Sources

Getting Renewable Power to the People

By David R. Baker, Chronicle Staff Writer

Sunday, December 28, 2008

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/28/MN5C14VFGS.DTL&hw=David+Baker&sn=008&sc=530>