



July 2009

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WIRES News

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



House, Senate Pass Key Transmission Legislation; WIRES Cites House Bill's Flaws in Letter to Waxman

Just before its July 4 break, the U.S. House of Representatives passed the 1,200+ page [American Clean Energy and Security Act \(H.R. 2454\)](#) by a 219-212 vote. The legislation is notable for its major "cap and trade" provisions to curb greenhouse gas emissions. But it also contains an expanded electric transmission planning Section 151 that WIRES found unacceptable as a practical approach to regulatory reform.

While thanking him and other lawmakers for their "leadership in promoting the clean energy economy," WIRES informed House Energy and Commerce Committee Chairman Henry Waxman the day before the vote that the group could not support the measure.

"Transmission is key to [the clean] energy future," noted a [letter](#) signed by WIRES President Will Kaul and Counsel Jim Hoecker. But, the letter continued, the legislation is fundamentally flawed by unprecedented and inefficient approaches to planning and siting transmission lines. In WIRES' view, the bill would effectively delay or defeat projects that strengthen the grid, including those that bring renewable resources to market.

The Senate, meanwhile, appears headed toward a vote on its American Clean Energy Leadership Act, which was reported out of the Energy and Natural Resources Committee by a 15-8 vote June 17. In a strong [letter of support](#) to the committee's chairman, Sen. Jeff Bingaman (D-NM), WIRES expressed support for the bill's regulatory reform provisions for extra-high-voltage transmission lines as an overdue step in the right direction. WIRES looks forward to helping improve the bill even more.

Congress will consider action on the bills later this year and whether energy provisions, including transmission, renewable portfolio standards, and energy efficiency, should be part of climate change legislation, WIRES will pursue its transmission regulatory reform objectives in coordination with other groups in the meantime. Those goals are set forth on the WIRES website, including in a letter to Ms. Carol Browner, the President's principal advisor on energy and climate change.

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/ email: jhoecker@helpplc.com) or check out our website at: www.wiresgroup.com

Check the **[WIRES Calendar](#)**

to Learn About the Latest Events And Conferences Related to Transmission Issues



FERC Adopts Policy for Development of Smart Grid

The Federal Energy Regulatory Commission (FERC) on July 16 moved to accelerate the development of a smart electric transmission system that could provide long-term savings for consumers by improving the efficiency and operation of the grid. The Smart Grid Policy Statement sets priorities for work on development of standards crucial to a reliable and smart grid.

FERC issued a [news release](#) and [policy statement](#), along with comments from [FERC Chairman Wellinghoff](#) and Commissioners [Kelly](#) and [Spitzer](#).

FERC Schedules Three Technical Conferences On Transmission Planning Processes Under Order No. 890

FERC staff expects all transmission providers to participate in the technical conference for their particular region, although all interested persons, including transmission providers in other regions, regional representatives, transmission customers, developers of merchant transmission and distributed generation, and other resource developers are also invited to participate in each conference.

The conferences will be held in the [West](#) (Phoenix, Sept. 3), in the [South](#) (Atlanta, Sept. 10) and in the [East](#) (Philadelphia, Sept. 21).

Brattle Group's Fox-Penner Calls on Governors To Lead Regional Improvements in Transmission Planning

America's governors should lead the drive for regional improvements in electricity transmission planning, according to Peter Fox-Penner, principal and chairman emeritus of [The Brattle Group](#).

Dr. Fox-Penner told the Natural Resources Committee at the National Governors Association Annual Meeting on July 19 in Biloxi, MS, there are several obstacles to effective U.S. transmission policy - including an inadequate planning process and a lack of agreement on determining transmission project benefits and cost allocation. While the amount of transmission construction needed to meet renewable portfolio standard (RPS) targets and climate goals is economically and technically achievable, he said, projects are not being approved quickly enough to build the 20,000-40,000 miles needed by 2030.

Pickens' Wind Farm Delayed Because of No Transmission

Citing a lack of transmission lines among his challenges, T. Boone Pickens has temporarily shelved plans to build the world's biggest wind farm in the Texas Panhandle.

Tight credit and falling prices for natural gas (with which wind competes as a power source) also were factors in the scaling back of Pickens' ambitious efforts. He had announced plans in 2007 for the 4,000-megawatt wind farm -- big enough to power 1.3 million homes -- at a projected cost of \$10 billion.

Energy Secretary Chu Supports a Strong Smart Grid; WIRES' Starts Work on Smart Grid

Asked about people objecting to high-voltage power lines being built near their homes as part of a transmission expansion, U. S. Secretary of Energy Steven Chu said it's important to appeal to the national interest in adding new infrastructure. . "People didn't like interstate highways in their backyard," he said. "But it was done for the sake of national security, and I would say even more so we will need a transmission distribution system for our national security."

[Secretary Chu's remarks](#) were part of an announcement to utility executives on June 25 that \$3.9 billion in "smart grid" funding under the President's stimulus program would be devoted to making power transmission around the country more flexible.

WIRES' work on investment in smart grid technologies at the transmission level is ongoing - with an analysis of the investment trade-offs between the significant efficiency benefits to be derived from deploying digital technologies, on one hand, and the benefits that depend on expanding and upgrading the high voltage network of wires on which "smart" technologies are being installed, on the other, due for completion this fall.

On July 7, WIRES President Will Kaul signed a Memorandum of Understanding with the GridWise Alliance to advance the organizations' mutual interest in effective deployment of new technologies and infrastructure that will ensure a reliable and efficient electric system.

WIRES University's "Transmission 103" On Capitol Hill Features New Transmission Technologies

On June 4, WIRES and the Environmental and Energy Study Institute (EESI) hosted the third in a series of Capitol Hill seminars designed to educate lawmakers and staff as they consider a host of legislation with implications for the electric transmission system. Speakers examined the ways digital technologies, advanced materials, communications and system innovations are transforming the transmission system into a highly integrated, vital, and efficient platform for the 21st Century bulk power market. The briefing also helped advance an understanding of the grid's operational capabilities and related investment opportunities.

- Read full details about the session:
http://www.eesi.org/060409_transmission
- Review the speakers' presentation:
http://www.wiresgroup.com/images/WIRES-EESI_Transmission_103.ppt

New Regional Planning Forums Create Hope for Transmission Expansion

West: In Utah on June 15, senior Obama administration officials [announced](#) a number of steps that will help the West achieve its clean

energy potential and create green jobs. The efforts announced during the annual meeting of the Western Governors' Association (WGA) reflect a comprehensive, broad-based strategy across the Administration to support western states in their efforts to grow their local economies and meet their energy needs.

East: Led by eastern RTO representatives, numerous utility, planners, and state and Canadian provincial parties in the Eastern Interconnection have begun the [Eastern Interconnection Planning Collaborative \(EIPC\)](#), a framework for analyzing approaches to broad multi-state and multi-regional transmission planning.

The Department of Energy will provide \$80 million for regional and interconnection transmission analysis and planning, and applications for funding are expected from both groups in August.

Iowa's John Norris to Fill FERC Seat

[President Obama announced](#) in June his nomination of John Norris to fill the Federal Energy Regulatory Commission seat vacated by former FERC Chairman Joseph Kelliher. The appointment must be confirmed by the Senate.

Norris, currently chief of staff to Agriculture Secretary Tom Vilsack, previously spent four years as Chairman of the Iowa Utilities Board. He served on the Electricity Committee and was Co-Chair of the 2009 National Electricity Delivery Forum at the National Association of Regulatory Utility Commissioners (NARUC).

In a *Des Moines Register* interview, Norris said, "Obviously, energy policy is critical for this administration and it's critical for this country. "We have an electrical grid system that's antiquated, and it's going to be at the center of how we move forward to enable us to bring renewable energy online." He added: "We've got to figure out ways to answer the questions of federal and state rights, but the issue of bringing more renewables on line transcends state lines."

WIRES extends its congratulations to Mr. Norris!