



Sept/Oct 2011

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WIRES Calendar

WIRES Counsel Jim Hoecker is making presentations on the **economic development and employment potential of transmission manufacturing and construction** to the Midwest Governors' Transmission Summit in Des Moines, IA, and the National Governors' Association

WIRES News

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

WIRES Elects New Officers for 2012



At its annual meeting in Washington on Sept. 21, WIRES' membership elected officers to serve the organization for 2012:

PRESIDENT

Jolly Hayden, Vice President of the Electric Infrastructure Alliance of America

PRESIDENT-ELECT

Don Clevenger, Senior Vice President, Oncor Electric Delivery

VICE PRESIDENT

Phil Grigsby, Senior Vice President, Duke Energy

SECRETARY

Gerald Deaver, Manager, Regional Transmission Policy, Xcel Energy

TREASURER

Gary Hickey, Executive Director, Transmission Development, NextEra Energy Resources

"The future of WIRES is bright and we will continue to work hard to inform state and federal policy makers about the best ways to ensure that the nation is served by a strong grid, clean energy, and a competitive electric industry," Hayden said.

WIRES' Support for Order 1000 Is Qualified On Rehearing; Congressional Oversight Is In the Offing



The FERC's important transmission cost allocation and planning rule - [Order 1000](#), issued July 21 - has the potential to enhance the grid's ability to support competition in wholesale power markets, promote clean energy resources, and ensure just and reasonable wholesale rates. But many parties have questions about whether the Commission has done enough. Others claim the rule marks a dramatic overreach by FERC.

WIRES, citing the pro-market direction of prior FERC rulings, is in the former camp and would like FERC to do more, [within the bounds of regional flexibility](#). WIRES also supported the Energy Future Coalition's request for clarification of the rule.

More than 60 states, utilities, energy industry trade groups and regional organizations have asked FERC to reconsider and/or clarify the rule. WIRES also called for greater specificity in the rule's prescriptions for inter-regional planning and accompanying cost allocation. With compliance deadlines set as late as 2013, the final rule is the end of the beginning, not the end, of the debate over what federal cost allocation and planning policy will finally become.

WIRES President Jolly Hayden nevertheless praised [Order 1000](#) as going "a long way toward putting the public policy pieces in place that

meeting on "*Economic Development in the Clean Energy Sector*" in Providence, RI.

He will also keynote the 4th Annual **Nebraska Wind Power Conference** in November.

To learn about this and other events and conferences related to transmission issues, visit the [WIRES Web site](#).

will produce a robust U.S. interstate power infrastructure."

An important subcommittee of the U.S. House of Representatives [Energy and Commerce Committee plans to ask FERC and industry witnesses about Order 1000](#) and other agency proposals on [October 13](#). Organized opposition to spreading transmission costs to all regional beneficiaries of new facilities has found expression in one Senate bill, [S. 400](#), which would curb FERC's historical authority to make decisions based on the facts in each case. On July 14, WIRES and scores of other organizations, in a [letter](#) to Senate leaders, voiced support for FERC's existing authority to resolve transmission cost allocation issues.

DOE Secretary Abandons Delegation of Corridor Designation Power to FERC, Which Proved Surprisingly Controversial

Despite support from WIRES and numerous industry players for a proposal by DOE to transfer to FERC the authority to designate National Interest Electric Transmission Corridors under section 216 (a)(1) of the Federal Power Act, adopted in 2005, DOE Secretary Chu withdrew the proposal October 11. The designations are a prerequisite to the exercise of FERC's still-unused "backstop" facilities siting authority, and both DOE and FERC had sought the change.

In [comments filed with DOE](#), WIRES noted that, "In the most practical terms, implementation of the NIETC designation process has been stymied by the courts and the sheer breadth of the approaches adopted by the Department. It is inconceivable that the Congress adopted the "backstop" transmission siting process in the 2005 Act in anticipation that it would never be used to advance the objective of rationalizing the regulation of transmission siting process when necessary." It now appears that DOE and the FERC will seek other ways to strengthen their administration of this difficult federal transmission siting [regime](#).

Opposition to the Secretary's proposed delegation came from [several states](#), whose authority to site transmission would have remained unchanged by the proposal, and one of the authors of the original legislation, [Sen. Jeff Bingaman](#).

A complete file of comments is available on the [DOE Web site](#).

Obama Administration Moves to Streamline Approvals; WIRES Actively Pursues Siting Improvements



On October 4, the [Obama Administration announced](#) that seven proposed transmission projects across 12 states would serve as pilot demonstrations of streamlined federal permitting and improved cooperation among federal, state and tribal governments. Officials said the projects are expected to create thousands of jobs, help avoid blackouts, restore power more quickly when outages occur, and reduce the need for new power plants

Leading up to that announcement, WIRES had been providing input as the Administration mapped out its plan for more efficient federal processing of proposed transmission development when projects cross federal lands or affect federally protected resources or species. In a [Sept. 2, 2011 letter](#) on the issue to the Administration's Rapid Response Team, WIRES said:

- Federal land agencies should participate in regional transmission planning under FERC's Order 1000, and utilize programmatic NEPA reviews wherever possible.
- The government should eliminate extraneous analyses of "need" from EAs and EISs when other agencies have that express responsibility.
- Officials should expedite NEPA work by authorizing or requiring agencies to use third party contractors for sensitive analyses, allowing project proponents to select at least three contractors from which an agency can select one to conduct the appropriate analysis.
- There should be genuine transparency and more current data on projects status available on federal Web sites.
- Duplication and repetition of work among agencies reviewing the same project must be eliminated.

"The announcement of these pilot projects is an important first step toward eliminating unnecessary barriers to the approval of worthy transmission projects," said WIRES President Jolly Hayden. "This streamlining process must continue to evolve if we are to meet America's need for a grid that meets emerging needs and creates jobs that are critical to economic recovery."

Here is another [viewpoint](#) on the Administration's energy policy.

Massive Southwest Outage Points Up Need for Grid Modernization

A massive blackout across affecting millions of people across the Southwest on Sept. 8 focused new attention on the need to revitalize the high-voltage electric grid. The California ISO immediately [launched an investigation of the cause](#) of the cause.

WIRES Counsel Jim Hoecker was among those citing the incident as proof of the need to address challenges across the grid. [As he told Pro Publica](#), "These are essential facilities. They are like highways, they are like airports-everyone relies on them."

WIRES University's Electric Transmission 205 Shines Light On Potentially Missed Opportunities for American Workers



In a July 15 session at the U.S. Capitol, a panel of experts made clear that expansion or upgrading of the nation's electric grid could produce up to 200,000 jobs each year for the next 20 years, if various regulatory obstacles can be overcome.

At a time when the economy is struggling to produce 18,000 a month, WIRES' panel of experts proposed a major shot in the arm to the nation's sagging employment picture, and a way to make good on the visionary statements coming from Washington about restoring America's infrastructure.

The panel, including the Brattle Group economist who co-authored [WIRES' report on the economic and employment benefits of electric transmission construction](#), explored the types of jobs that transmission construction and manufacturing will produce, as the U.S. moves to meet

the growing demand for electricity and expanding wholesale power markets, address the reliability concerns created by an aging grid, and to reach the new onshore and offshore renewable generation resources that public policy is encouraging.

"Investors see the opportunities but we cannot take a strong grid for granted," said Jim Hoecker, former FERC Chairman and WIRES counsel who moderated the meeting. "We will need to build \$300 billion of transmission in the next twenty years. It will take a strategic plan, state-federal cooperation, and a stronger commitment to overcome the planning, cost recovery, and siting obstacles that could result in this transmission renaissance being stillborn."

A video recording of the briefing, along with copies of materials used by presenters, is [available here](#).

The July 15 session, co-sponsored by the Environmental and Energy Study Institute (EESI), was the 9th in a series of WIRES University briefings on electric transmission. Summaries and background materials for all sessions are available on the WIRES Web site at <http://www.wiresgroup.com/wiresuniversity.html>

Welcome to Two New WIRES Members!

In September, WIRES welcomed two new members -- Electric Infrastructure Alliance of America and [Renewable Energy Systems Americas](#).

EIAA is a Texas-based Real Estate Investment Trust (REIT) trading in U.S. electricity and gas transmission and distribution projects.

RES Americas is one of the top renewable energy companies in the country and has been developing, constructing, owning and operating renewable energy projects since 1997. The company's more than 4,200 MW of renewable projects represents more than 10% of the operating wind farms in the United States.

Legal/Regulatory Notes

FERC Acts to Support Continued Reliability of Electric Grid

In September, FERC took [steps](#) to support continued transmission system reliability by proposing revisions to eight critical infrastructure protection reliability standards that include a new method of identifying cyber assets that are critical to the nation's bulk power grid.

NERC, FERC Announce Joint Inquiry into Southwestern Power Outage

The FERC and the North American Electric Reliability Corporation (NERC) in September announced a [joint inquiry](#) into the September 8 power outage that left more than 1 million customers in Southern California, parts of Arizona and Northern Baja Mexico without electricity.

FERC: Incentives Granted to a Project Eliminated by an RTO

Regional Plan Cannot Be Transferred to a Substitute Project
FERC's October order to Public Service Electric & Gas (PSEG), [ER10-159](#), dismissed as moot the request for rehearing of an order issued by FERC in 2009.

**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 or jhoecker@helppllc.com).

Visit our website at: www.wiresgroup.com.

Comments on this Newsletter or on any matter affecting electric transmission investment may be submitted to news@wiresgroup.com.