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September 2009

Quick Links

[WIRES Home](#)
[WIRES Calendar](#)
[WIRES Members](#)

In This Issue

[Legislative Action Resumes](#)

[What Do Industry Experts Think?](#)

[FERC Conference](#)

[California "RETI" Study](#)

[Power Companies Sponsor Study](#)

[Smart Grid Requires Federal Role](#)

[Western Interstate Energy Board Calls for Region to Draw on Best Practices](#)

[WIRES Member News](#)

[In the News](#)

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 -

WIRES News

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

Legislative Action Resumes; WIRES Voices Concerns About Planning, Cost Allocation

Congress is back from its August break, with leaders still pressing to enact energy/climate legislation. But the protracted debate over health care reform has delayed the process - raising speculation that a final energy/climate package may be difficult, if not impossible, to mold before year's end.



The Senate Energy and Natural Resources Committee has voted out [S. 1462](#), while the House has passed transmission provisions as part of the Waxman-Markey legislation ([H.R. 2454](#)).

WIRES and other advocates of a stronger grid have expressed strong concern about a cost allocation amendment to S. 1462 introduced by Sen. Bob. Corker (R-TN) that would require FERC to measure the benefits of transmission upgrades or expansion before determining who pays for new facilities over their useful life - an impossible task on integrated networks. Who, specifically, benefits from a stretch of interstate highway today, tomorrow, or in 20 years? WIRES contends FERC should be allowed to project who the regional beneficiaries of transmission are likely to be and to assign costs as broadly as appropriate.

Similarly, the House and Senate bills do not sufficiently change today's duplicative and often-academic planning processes in favor of the kind of open, efficient, regional planning transmission processes that result in clear decisions to authorize specific projects.

Looking ahead, a comprehensive energy-climate package could stall. WIRES considers it critical for Congress to address the grid's urgent needs. The [WIRES legislative proposal](#) put forth in August 2008 remains the most straightforward and reasonable framework on the table - offering real regulatory reform for the transmission industry, help for renewables development, and an important state role in planning and siting transmission facilities. We will be working toward that goal.

What Do Industry Experts Think About Prospects for Action On Transmission, Other Energy Matters?

With so many issues crowding the congressional agenda, WIRES asked several experts on the scene: *"As a practical matter, what in your view should we expect from this session of Congress with respect*

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@helppllc.com) or visit our website at: www.wiresgroup.com

Check the **WIRES Calendar** to Learn About the Latest Events And Conferences Related to Transmission Issues

to transmission regulatory reform and other energy measures?" Some answers:

"From a process standpoint, it will be hard for the Senate to separate energy and climate issues since the House passed a bill combining them. With the Senate's climate proposal already long-delayed - and with healthcare reform and the usual appropriations bills still on the agenda - it is now even less likely that a combined energy/climate bill (including transmission provisions) can reach the Senate floor by year's end." **Joy Ditto, Director of Legislative Affairs, American Public Power Association (APPA)**

"There is a growing realization we must have meaningful transmission regulatory reform if we honestly want and expect wind, solar and geothermal power to become a meaningful percentage of the nation's generation mix, so expect a bit of a showdown between the NIMBY crowd and renewable energy advocates. We'll be able to determine the winner in a few years when we can assess whether new federal siting authorities were explicit enough and new federal planning authorities didn't do more harm than good." **Kevin Kolevar, Managing Director, ClearView Energy Partners, LLC**

"The GridWise Alliance hopes that some energy legislation will make it to the President's desk that recognizes smart grid technologies as key enablers to energy efficiency and renewable energy integration. Both the House and Senate bills contain provisions that we support and we working, of course, to ensure that the best of both survive in conference." **Katherine Hamilton, President, GridWise Alliance**

Meanwhile, *The Politico*, a Washington media outlet, [reported Sept. 2](#) that, "with hope for Senate action on the energy bill dimming, advocates are aiming to prod reluctant senators with a new survey taken in swing states showing strong support for the legislation." That poll, commissioned by the **Center for American Progress Action Fund** among likely 2010 voters in 16 states, found 63 percent of respondents support the House-passed energy bill, with 30 percent opposed. Further, 60 percent of respondents said they would be more likely to vote for their senator if he or she supported the bill; 26 percent said they'd be less inclined to do so.

The Politico reported that, "moderate Democratic senators have indicated unease over taking on another comprehensive and contentious issue" after this summer's healthcare fight, and "a group of these Democrats say they'd prefer to separate out climate change language from the legislation and take up a more incremental bill."

FERC Holds First of Three Technical Conferences On Transmission Planning Processes Under Order No. 890

A Sept. 3 gathering of transmission providers in Phoenix launched a series of FERC regional sessions to examine transmission planning processes under Order 890.



No FERC Commissioners attended, but FERC staffers were part of the discussion of Western Interconnection issues. Representatives of three state regulatory bodies participated: Chairman

Kristin Mayes, Arizona Corporation Commission; Commissioner Dian Grueneich, California PUC; and Commissioner Marsha Smith, Idaho PUC.

There were no calls to abandon or even significantly alter the existing regime under Order 890. Siting difficulties were mentioned several times as the main obstacle to transmission construction, along with a lack of commitment to actual construction - but planning was portrayed as a lesser problem. Specific suggestions for FERC action included taking a more active role in supervising the Order 890 planning process in general (and incorporating resource planning into that process), and ensuring consideration of such factors as demand response, energy efficiency, and greenhouse gas emissions.

Remaining conferences were scheduled for the South (Atlanta, Sept. 10) and the East ([Philadelphia, Sept. 21](#)). After the series ends, FERC will issue a single call for post-technical conference comments.

California "RETI" Study Says Almost \$16 Billion in Transmission Needed To Meet Renewable Energy Mandates

California's Renewable Energy Transmission Initiative

says in an August [report](#) that the state must install \$15.7 billion worth of new transmission lines to meet the state government's renewable energy mandates on time.

The new estimate exceeds the \$12 billion price tag the **California Public Utilities Commission** predicted two months earlier. State leaders have set a goal of generating 33 percent of California's power from renewable sources by 2020 (and 20 percent by 2010).

Power Companies Sponsor Study Of Midwest's Transmission Capacity Needs for Renewables

A group of power companies is sponsoring a study of the transmission capacity needed in the upper Midwest to support renewable energy development and bring that energy to the East. The Strategic Midwest Area Transmission Study (SMARTransmission Study) is scheduled for completion in January 2010. Sponsors are **Electric Transmission America** (a joint venture of American Electric Power and MidAmerican Energy Holdings Company), **American Transmission Company**, **Exelon Corporation**, **NorthWestern Energy** and **MidAmerican Energy Company** (a subsidiary of MidAmerican Energy Holdings Company).

Quanta Technology LLC will conduct the study covering North Dakota, South Dakota, Iowa, Indiana, Ohio, Illinois, Minnesota and Wisconsin.

Smart Grid Requires Federal Role, Lexington Institute Says

A paper released in August by the **Lexington Institute** - which traditionally favors limited government intervention in business - calls for a significant federal government role in Smart Grid development. In [Moving Forward on Smart Grid](#), the authors say, "Smart grid technologies won't solve America's energy dilemma

overnight....However, moving forward with smart grid can begin to tackle the problem from many angles."

Western Interstate Energy Board Calls for Region to Draw on Best Practices in New Siting Regime

Noting that, "The electric transmission system in the Western United States is inadequate to meet future loads and to transmit energy derived from an increasing number and variety of renewable energy resources," the Western Interstate Energy Board recommends in a [new report](#) identification and adoption of "best practices" from the various states into a regional transmission siting regime.



WIRES Member News

Election of new officers and a high-level policy discussion of transmission planning issues highlight the agenda for the **WIRES Annual Meeting in Washington, DC, Sept. 29-30**. Further information is available from Jim Hoecker (202-378-2316 or 202-549-0584; e-mail: jhoecker@helppllc.com).

American Transmission Company (<http://www.atcllc.com>) became the newest Full Supporting Member of WIRES in August. Launched in 2001 as the first multi-state, transmission-only utility in the U.S., ATC's \$2.5 billion system extends from the Upper Peninsula of Michigan across the eastern half of Wisconsin and into portions of Illinois, with more than 9,300 miles of high-voltage transmission lines and 500 substations. WIRES welcomes ATC and its management team - including Executive Chairman **José Delgado**, President & Chief Executive Officer **John Procaro**, Vice President and Chief Strategic Officer **Dale Landgren**, and General Counsel **Bert Garvin** - as they join our team during this important time of challenge for the industry.

American Superconductor® was profiled this summer by a home state newspaper. *The Telegram & Gazette* of Worcester, MA, noted that, "With the Obama administration pushing for the development of wind and solar power, and improvements to the grid - setting aside \$30 billion for more efficient grid technology and transmission lines - company officials believe the time has come for utilities to adopt superconductor technology for grid infrastructure."

In the News

[Transmission Groups Push Senate Cost Allocation Provision Changes](#), from Energy Washington Week (August 12, 2009)

[Plotting the path of renewable power lines](#), from The San Francisco Chronicle (August 14, 2009)

[Plan sparks row over wind transmission](#), from the Des Moines Register (August 15, 2009)

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