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On Transmission Cost Allocation, WIRES Tells Congress To Let The Regulators Regulate

WASHINGTON, DC – WIRES today urged Senate leaders, as they refocus on comprehensive energy legislation, to remove from S. 1462 language that would prevent regulators from allocating transmission costs based on consideration of all the facts in specific cases.

In a [letter](#) to the Senate leadership and the Chairman and Ranking Member of the Senate Energy and Natural Resources Committee, WIRES expressed strong support for S. 1462 as representing an “important bipartisan commitment” to addressing the Nation’s pressing energy challenges. WIRES stated that “it is essential that S. 1462 be enacted this year.

However, the letter identifies one “serious flaw” in the bill “that will impede the investment in transmission necessary to ensure reliability and unlock access to low-cost renewable resources in remote regions of the country” and achieve a range of other benefits. (www.wiresgroup.com) By barring the Federal Energy Regulatory Commission (FERC) from allocating transmission costs unless they are “reasonably proportionate to measurable economic and reliability benefits,” the bill establishes a new, restrictive, and “impossible” standard, stated WIRES.

While not endorsing a single method of allocating transmission costs, WIRES contends that S. 1462 as currently drafted is an unwarranted restriction on FERC’s exercise its responsibility under the Federal Power Act to ascertain whether cost allocations are “just and reasonable,” taking into account all the facts presented.

WIRES’ letter stresses that the benefits derived from stronger transmission infrastructure will change over the life of these assets, which typically lasts up to 50 years, “as new generation facilities are added or retired, as markets evolve, as power flows change, and as other transmission projects are built. The standard set in S. 1462 will result in uncertainty, endless litigation, and inadequate transmission investment.”

The uncertainties produced by a lack of uniform regulatory guidance about cost allocation may be the single most serious barrier to strengthening the Nation’s high-voltage grid. FERC is expecting major regional cost allocation proposals this year but has not set any prospective cost allocation standards. WIRES previously asked FERC to take generic action in this area and S. 1462 would specifically urge FERC to do so.

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WIRES (Working group for Investment in Reliable and Economic electric Systems) is a non-profit trade association of transmission providers, customers, and equipment and service companies formed to promote investment in electric transmission and progressive State and Federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. For more information, visit www.wiresgroup.com or contact Jim Hoecker at 202-378-2300.