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## **GROUP URGES CONGRESS TO REJECT ROADBLOCKS TO IMPROVING THE GRID**

*Energy bill provision could thwart planned and new transmission investment*

**WASHINGTON, DC** – A diverse group of electric generation and transmission companies, municipal utilities, electric cooperatives, environmental groups and other stakeholders warned Senate leaders today that pending energy legislation contains a poison pill that could thwart needed transmission expansion and hinder Congressional energy and environmental goals.

In a letter delivered to Senate leadership, 62 companies and organizations objected to a measure in the American Clean Energy Leadership Act of 2009 (S.1462) that would severely restrict how the Federal Energy Regulatory Commission (FERC) determines who pays for new high priority transmission facilities. The group also expressed concerns that the measure would make cost recovery so uncertain as to disrupt billions of dollars of planned transmission investment.

“The Senate cost allocation language would block grid investment right at the time when there is a desperate need to expand the transmission system to deliver clean energy, assure reliability, and remove constraints that result in higher wholesale power prices.” **Joseph Kelliher, Executive Vice President of Federal Regulatory Affairs for FPL Group, and former FERC Chairman.**

S. 1462, which includes regulatory reforms for planning and siting of regional high voltage transmission facilities to improve the nation’s aging transmission grid, was amended by the Senate Energy & Natural Resources Committee to significantly limit the ability of FERC to determine how to pay for needed electric transmission facilities.

The group explained that a relatively small language change, adopted during committee consideration of the bill, would require lengthy, complex, cost-benefit analyses, invite litigation, and further contribute to uncertainty for investors. While cost allocation always entails determination of who benefits from new facilities, the amendment requires that FERC allocate only “measurable” benefits. This test is ambiguous, unpredictable in its consequences, and most importantly, technically unfeasible.

“As a former agency head, I worry that Congress will assign FERC a substantial mission on one hand, and prevent it from accomplishing that mission, on the other. S. 1462 is intended to authorize FERC to allocate transmission costs to those that benefit from new facilities or upgrades to existing lines. Everyone agrees with this approach. But, as drafted, the Commission could ensure cost recovery only when it can measure or quantify the benefits of specific projects

-- an impossible task with respect to an integrated network industry with assets lasting 50 years. To put it another way, would we allocate all of the costs of a stretch of interstate highway only to those who are determined to have driven on it during some specified period of time? Of course not." **James Hoecker, Counsel, WIRES Coalition and former FERC Chairman.**

Ultimately, the language likely mandates the direct assignment of costs for new transmission, making it impossible to build facilities that would benefit large regions of the country.

"As a former state regulator, I believe the Amendment would bias regulatory decision making in transmission where costs are certain but benefits are large and difficult to precisely measure." **Denise Bode, CEO, American Wind Energy Association (AWEA).**

Other members of the group raised concerns over the Amendment's potential impact on regional transmission projects and access to clean energy sources.

**Ellen Vancko, Nuclear Energy and Climate Change Project Manager for the Union of Concerned Scientists,** noted that "placing overly proscriptive limits on FERC's ability to determine a fair cost allocation process could dramatically limit our nation's ability to expand access to clean energy sources."

"An electron highway connecting remotely located renewables is essential to achieving the western states' environmental and economic goals. We need to plan and allocate costs of upgraded transmission systems in a systematic, predictable and financeable manner and those systems will need to extend beyond single control areas. FERC has the expertise, working in partnership with the states in the region, to make that highway a reality." **Joshua Bar-Lev, Vice President of Regulatory Affairs for BrightSource Energy.**

The full text of the letter and listing of signatories follows.