



June 9, 2009

Honorable Steven Chu
Secretary, Department of Energy
Forrestal Building
1000 Independence Ave. SW
Washington, DC 20585-1000

Honorable Jon Wellinghoff
Chairman, Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20406

Honorable Ken Salazar
Secretary, Department of the Interior
1849 C Street, N.W.
Washington DC 20240

Honorable Tom Vilsack
Secretary, Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Honorable Nancy Sutley
Chair, White House Council on Environmental Quality
722 Jackson Place, NW
Washington, DC 20503

Honorable Carol Browner
Assistant to the President for Energy & Climate
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Re: Proposed Electric Transmission Legislation

Dear Secretaries Chu, Salazar and Vilsack, Chairman Wellinghoff and Mesdames Sutley and Browner:

The Large Public Power Council (LPPC) hereby expresses its views on proposals for electric transmission planning, cost allocation and siting that are under consideration in connection with legislation now before Congress. LPPC represents 23 of the nation's largest locally owned and controlled power systems including

Austin Energy (TX) • Chelan County PUD (WA) • CPS Energy (TX) • Clark Public Utilities (WA) • Colorado Springs Utilities (CO)
IID (CA) • JEA (FL) • Long Island Power Authority (NY) • Los Angeles Department of Water and Power (CA) • Lower Colorado River Authority (TX)
MEAG Power (GA) • Nebraska Public Power District (NE) • New York Power Authority (NY) • Omaha Public Power District (NE) • OUC (FL)
Platte River Power Authority (CO) • Puerto Rico Electric Power Authority (PR) • Sacramento Municipal Utility District (CA) • Salt River Project (AZ)
Santee Cooper (SC) • Seattle City Light (WA) • Snohomish County PUD (WA) • Tacoma Public Utilities (WA)

Austin Energy, Sacramento Municipal Utility District, New York Power Authority, Los Angeles Department of Water and Power, Salt River Project and Seattle City Light.

From New York to California and from Washington State to Florida, LPPC members provide reliable, low-cost electric service to most of the more than 45 million people served by public power. We own and operate over 75,000 megawatts of generation capacity and nearly 34,000 circuit miles of high voltage transmission lines, representing nearly 90% of the transmission investment owned by non-federal public power entities in the United States. Many of our members are leaders in renewable deployment and energy efficiency. We are committed to these policy goals and closely tied to the values of our local communities. LPPC-member utilities own and operate a diverse portfolio of fossil, nuclear, hydropower, tidal energy, wind, geothermal, and other renewable energy sources that reflect the national energy mix.

1. System Planning

LPPC is most supportive of a framework for interconnection-wide planning that addresses the growing need to interconnect renewable resources to the grid. But we also believe that creating a new planning bureaucracy could be costly and potentially counter-productive in achieving needed infrastructure development. Far better would be an approach that would build on the FERC's recently-issued Order No. 890,¹ in which FERC directed the implementation of new, region-wide planning processes that require an unprecedented level of regional coordination, transparency and federal oversight. Compliance filings by all utilities were accepted only months ago, and the planning processes these filings contemplate are just now underway.

In states where renewable standards have been clearly established, planning for the integration of renewable resources is relatively advanced. In California, with a renewable portfolio requirement of 20% by 2010, California utilities are participants in the Renewable Energy Transmission Initiative ("RETI"), which has identified potential transmission to serve generation currently planned and operating in California's identified Competitive Renewable Energy Zones. The Western Governors' Association has undertaken a similar initiative examining potential transmission development throughout the West. The Western Renewable Energy Zone (WREZ) project recently completed its Phase I Report which identifies large scale renewable resources in areas with low environmental impacts. The report also includes a map which represents resource hubs across the West that may be most cost-effective for regional transmission. WECC's Transmission Expansion Planning Policy Committee ("TEPPC") and WestConnect develop common databases for modeling the economic benefit and potential impacts of new transmission, and assist in the coordination of interconnection-wide expansion planning.

In the Eastern Interconnection, broad planning processes are also under discussion. Major transmission providers within the Eastern Interconnection have recently met and established an Eastern Interconnection Planning Collaborative to explore interconnection-wide planning coordination and analysis, which will allow input from stakeholders, and provide for policy guidance from state and federal regulators.

It seems quite clear that federal climate legislation and a national renewable portfolio standard will further focus these planning processes. A renewable energy standard or another form of carbon emissions

¹ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (March 15, 2007), *FERC Statutes and Regulations* §[31.241](#), *order on reh'g*, Order No. 890-A, [121 FERC](#) §[61.297](#) (2007).

framework will provide a common organizing principal ensuring a set of shared planning goals. With that, LPPC fully expects that the regional processes to which parties have recently committed will take on new urgency and purpose. Certainly, these processes, and FERC's oversight of them, will evolve to meet new goals identified in proposed climate legislation. Adding a new planning bureaucracy to this mix will be time consuming and will likely delay rather than expedite transmission development.

2. Cost Allocation

LPPC believes it would be unnecessary, inequitable and counterproductive to allocate the costs of a new "transmission superhighway" to all load serving entities, without regard to their ability to use the facilities or their ability to rely on more economical alternatives to meet environmental goals. It would be inappropriate to assess the cost of a transmission build-out to customers that cannot make use of the facilities, or who elect not to because they can access more cost effective options that do not rely on large new transmission investments to meet environmental mandates. These alternatives are numerous and include reliance on distributed renewable resources, energy efficiency and demand side measures. LPPC believes that certain proposals it has reviewed to allocate the cost of new transmission on an interconnection-wide basis would provide an enormous and unnecessary subsidy to large scale renewable generation located far from load centers, at the expense of other, potentially more economical, alternatives. Utilities, state regulators, and regional transmission organizations should determine how to meet the environmental goals established by Congress most effectively by making economic choices among the array of available options, without subsidy of one technology or market segment over others.

LPPC also notes that the cost of a massive transmission build-out will be substantial, and that estimates we have reviewed appear to be meaningfully understated. The Joint Coordinated System Plan study undertaken by PJM Interconnection and the Midwest ISO (*see JCSPstudy.org*) shows an estimated \$80 billion investment aimed at resolving congestion and meeting a 20% wind scenario. When all costs associated with integrating these transmission facilities into the grid and interconnecting wind resources are added, there is reason to believe the cost may actually range between \$100 billion and \$200 billion for the Eastern Interconnection alone. Nationwide costs, including the Western Interconnection may range between \$135 billion and \$325 billion, equating to a monthly per customer cost of between \$14 and \$35. These numbers are gross estimates, but they suggest an order of magnitude that makes it clear that Congress should have reliable data on these costs before concluding that nation-wide cost allocation is a sensible approach. This is a critical matter for LPPC members, as advocates for the consumers we serve. I also note that the figures reflect the cost of transmission alone, and do not reflect the substantial cost of renewable generation.

3. Needed Siting Authority and Streamlined Federal Processes

LPPC supports additional federal siting authority for multi-state transmission facilities in order to overcome the limited ability of individual states to address multi-state transmission projects designed to meet regional needs. LPPC is confident that such new authority can be undertaken in consultation with existing state siting authorities in a manner that capitalizes on existing expertise and ensures that states and local concerns are addressed in the siting process. Further, LPPC is hopeful that legislation may be crafted to address significant obstacles to the development of interstate renewable transmission projects posed by federal land management agencies that could substantially improve the timing and coordination of approvals sought in connection with transmission projects that cross federal lands.

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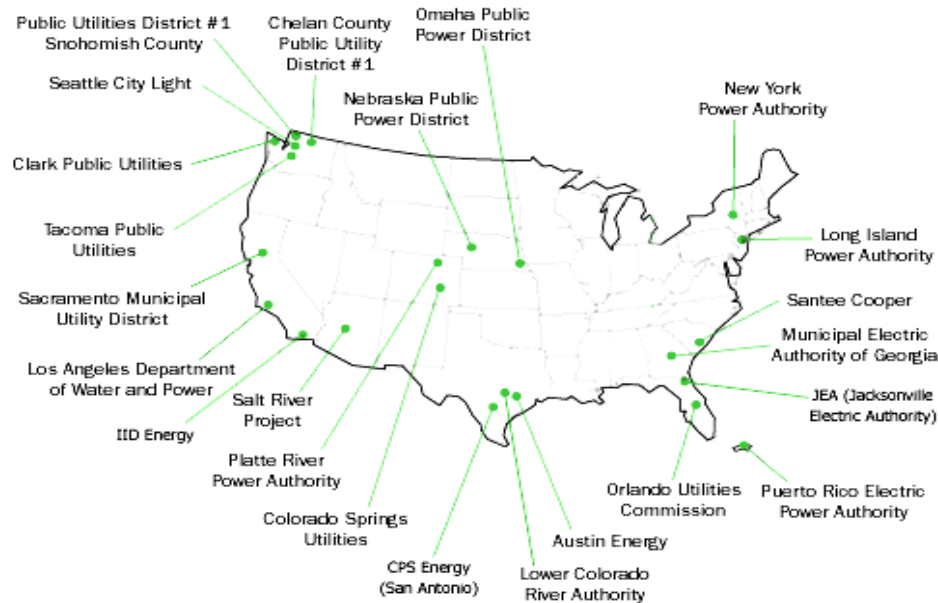
Thank you for the opportunity to provide this input. Please feel free to contact me with any concerns or questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Johnston', with a long horizontal flourish extending to the right.

Robert Johnston
Chair, Large Public Power Council
President and CEO, MEAG Power

LPPC members



Most LPPC members are fully integrated utilities that own generation, transmission and distribution facilities and sell directly to consumers. Others are primarily wholesale suppliers to municipal and cooperative utilities within their state or region.

In addition, several LPPC members are primarily distribution utilities that purchase their power from federal entities such as the Bonneville Power Administration or the Tennessee Valley Authority.

Collectively, the 23 LPPC utilities own nearly 75,000 megawatts of generation capacity powered by coal, natural gas, nuclear, hydroelectric or other renewables. The member utilities operate over 34,000 circuit miles of high voltage transmission capacity. LPPC members are located in 10 states and in Puerto Rico.

Austin Energy
Austin, TX
www.austinenergy.com

Chelan County Public Utility District No. 1
Wenatchee, WA
www.chelanpud.org

CPS Energy
San Antonio, TX
www.cpsenergy.com

Clark Public Utilities
Vancouver, WA
www.clarkpud.com

Colorado Springs Utilities
Colorado Springs, CO
www.csu.org

Imperial Irrigation District
Imperial, CA
www.iid.com

JEA
Jacksonville, FL
www.jea.com

Long Island Power Authority
Uniondale, NY
www.lipower.org

Los Angeles Department of Water and Power
Los Angeles, CA
www.ladwp.com

Lower Colorado River Authority
Austin, TX
www.lcra.org

MEAG Power
Atlanta, GA
www.meagpower.org

Nebraska Public Power District
Columbus, NE
www.nppd.com

New York Power Authority
White Plains, NY
www.nypa.gov

Omaha Public Power District
Omaha, NE
www.oppd.com

OUC
Orlando, FL
www.ouc.com

Platte River Power Authority
Fort Collins, CO
www.prpa.org

Puerto Rico Electric Power Authority
San Juan, PR
www.prepa.com

Sacramento Municipal Utility District
Sacramento, CA
www.smud.org

Salt River Project
Phoenix, AZ
www.srpnnet.com

Santee Cooper
Moncks Corner, SC
www.santeecooper.com

Seattle City Light
Seattle, WA
www.seattle.gov

Snohomish County Public Utility District #1
Everett, WA
www.snopud.com

Tacoma Public Utilities
Tacoma, WA
www.tacomapublicutilities.com

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