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LPPC: Congress Should Clear Obstacles to Transmission Development *Questions New Cost Allocation & Planning Proposals*

In testimony to the US Senate Committee on Energy and Natural Resources, the Large Public Power Council (LPPC) told lawmakers that LPPC supports transmission development to deliver renewable resources, that it supported “enhanced federal siting authority” to achieve that objective -- but raised serious concerns about proposed interconnection-wide cost allocation plans and attempts to create “a new system planning bureaucracy.”

Testimony was presented by James Dickenson, Managing Director and CEO of JEA, a municipally owned electric and water utility in Jacksonville Florida with 400,000 customers. He spoke on behalf of the LPPC, representing the views of 23 of the nation’s largest municipal and state owned utilities.

The LPPC testimony addressed cost allocations raised by proposed legislation. “LPPC believes that the users of proposed new transmission facilities should pay for them,” Dickenson stated. “Proposals for interconnection-wide cost allocation for new transmission are unnecessary and may well discourage the development of economical alternatives for reducing greenhouse gas emissions such as energy efficiency and on-site renewables.”

“With a Renewable Electricity Standard in place and the potential for other carbon control measures, utilities will have every incentive to respond in the most cost-effective manner possible in view of the resources available to them,” the LPPC declared to the Committee.

“Utilities will do what they need to do to meet these goals, and if building transmission to access remote renewable resources is the most economical alternative, that is what they will do. However, socializing the cost of that transmission will *tilt* the playing field dramatically away from any alternatives that do not depend heavily, or at all, on transmission. Low cost subsidized transmission for distant renewables should not *crowd out* energy efficiency and on-site renewables.” the testimony continued.

The LPPC testimony also emphasized that, LPPC supports existing transmission planning processes; however, the public power group asserted that, “state siting authority is not sufficient to address interstate transmission for renewable resources. LPPC believes that

where transmission to remotely located renewable resources is *sensible*, there are measures Congress should take to facilitate that development.”

Dickenson cited the ongoing implementation of the Federal Energy Regulatory Commissions Order 890 mandating new region-wide coordinated transparent planning processes. He advised the Committee that LPPC believed, “there may be room for improvement in existing planning institutions and processes.” But the public power group cautioned, that “layering a new planning bureaucracy on top of what we are currently developing is likely to be time-consuming and costly, and may delay rather than expedite transmission development.”

“I believe Congress should be wary of turning the industry’s planning process upside-down at the very time we most need a careful considered response to the new stress that will be placed on the grid.” Dickenson stated to the Committee.

The LPPC also asked Congress to “clear away obstacles to transmission development” and to undertake a “full review of existing statutes and federal agencies involved in licensing transmission across federal lands.” According to the LPPC testimony, LPPC Western member utilities “have experienced significant obstacles to the development of interstate renewable transmission projects” from federal agencies such as the Forest Service, the Bureau of Land Management and the Department of Defense.

Western member utilities reported “lengthy review processes and difficulty in valuing the benefits of renewable goals” as problems. “Empowering a single federal agency, preferably FERC, to facilitate the federal siting process would be very helpful,” the LPPC told the Senators.

The LPPC also commented on proposals to restrict the use of new transmission to renewable resources. “LPPC believes it would be a mistake for new legislation extending federal siting authority to include restrictions on the use of this new capacity. These proposals raise difficult issues regarding verification and equity,” the LPPC told Congress.

“In addition, dispatching power into the grid under such a system would be tremendously complex. Such requirements simply may not work when one considers the physics of the electrical grid and the intermittent nature of renewable resources.”

The LPPC’s membership includes 23 of the nation’s largest publicly owned, not-for-profit energy systems. Together, its members own approximately 34,000 miles of transmission, representing nearly 90% of the transmission investment owned by non-federal public power entities in the US.

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A copy of the LPPC testimony submitted to the Senate Energy & Natural Resources Committee is electronically available by contacting Allison Sparks at asparks@smithharroff.com or at 703 740 1755.