



For Immediate Release
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LPPC Statement on FERC Rulemaking on Transmission Planning & Cost Allocation

As leaders in the development of renewable resources, LPPC member utilities support FERC's interest in facilitating the construction of new transmission to attach new renewable resources and to reliably serve load. Although LPPC members are not subject to FERC jurisdiction for most purposes, they have committed to participate voluntarily in existing and anticipated regional transmission planning processes and in interregional coordination efforts.

We are concerned, though, that FERC's approach to who pays for new facilities may prove counter-productive and costly. LPPC members strongly believe that cost socialization for long-line transmission facilities to attach specific generation resources will be costly and unnecessary – and will not send the proper price signals to generation developers.

We will study FERC's rule more closely, but it appears that the rule may result in building transmission facilities that are not cost-effective. This is inconsistent with long-standing cost causation ratemaking practices that have served the nation well. As a result, we are likely to expect greater costs to our customers and electricity consumers throughout the nation. Such policies will also unreasonably tilt the balance in the choice among resources available to meet customer needs and policy goals.

While we support the need for better coordination of the planning process, LPPC members are opposed to “top down” planning directives -- and we are concerned that this may result from FERC's rule. We believe that transmission planning and siting are appropriately regulated by state and local authorities and oriented in the first instance to serve native load. We support a planning process that is less costly to customers and that accelerates the building of needed transmission facilities.

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The LPPC's membership includes 25 of the nation's largest publicly owned, not-for-profit energy systems. LPPC members provide power to some of the largest cities in the country including Los Angeles, Seattle, Omaha, Phoenix, Jacksonville, Sacramento, San Antonio, Orlando and Austin. Together, LPPC members control 90% of the public agency-owned, but non-federal, transmission investment in the nation.