



April 14, 2006

Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Honorable Edward J. Markey
Chairman
Subcommittee on Energy and Environment
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Re: Climate Bill Discussion Draft – Transmission Planning Provisions

Dear Chairman Waxman and Chairman Markey:

The Large Public Power Council (LPPC) is an organization comprised of 23 of the nation's largest locally owned and controlled power systems. 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. 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.

LPPC is very supportive of the approach taken to transmission infrastructure development in Section 151 of the climate bill discussion draft circulated by your staff. The transmission planning provisions in this section outline an important role for the Federal Energy Regulatory Commission (FERC) in shaping national policy that appropriately builds on existing institutions and state-based authority. We are particularly pleased that the draft provisions steer clear of creating a new bureaucracy that LPPC believes would be costly and potentially counter-productive in achieving the infrastructure development necessary to interconnect needed new renewable resources to the transmission grid.

The provisions in the proposed legislation 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. 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, particularly at this time, will be time consuming and will likely delay rather than expedite transmission development.

LPPC was also pleased to see that the proposed legislation avoids the minefield laid by proposals that would 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. LPPC believes it would be terribly inequitable 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.

Finally, LPPC believes there are certain obstacles to transmission development that Congress should address, in addition to system planning. LPPC supports additional federal siting authority for multi-state transmission facilities in order to overcome the limited ability of individual states

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).

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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.

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, President and CEO
MEAG Power
bjohnston@meagpower.org
800-333-MEAG

On behalf of the Large Public Power Council

Cc: Honorable Fred Upton
U.S. House of Representatives
2183 Rayburn House Office Building
Washington, D.C. 20515

Honorable Joe Barton
U.S. House of Representatives
2109 Rayburn House Office Building
Washington, D.C. 20515