



PIEDMONT ENVIRONMENTAL COUNCIL

*Safeguarding the landscape, communities and heritage of Virginia's Piedmont by involving citizens in
Related public policy and land conservation*

September 9, 2011

The Honorable Steven Chu
Secretary of Energy
U.S. Department of Energy
Washington, DC

Mr. Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
Washington, DC

VIA Electronic Mail

RE: Proposal to Delegate Certain Authority from the Department of Energy to the Federal Energy Regulatory Commission.

Dear Secretary Chu and Chairman Wellinghoff:

In response to the request for comments on the proposed delegation of powers to designate National Interest Electric Transmission Corridors ("NIETCs") from the Department of Energy ("DOE") to the Federal Energy Regulatory Commission ("FERC"), The Piedmont Environmental Council ("PEC") offers the following comments.

The Stated Purpose

An efficient, reliable electric transmission grid is critical to the economy and security of the United States. The grid must be able to deliver power, particularly power produced from renewable energy resources, from where it is produced to where it is consumed. Historically, siting decisions regarding the construction of components of our national grid have, for the most part, been made at the state level.

PEC concurs with this statement which appears as the preamble to the pending proposal to delegate DOE authority to designate National Interstate Electric Transmission Corridors. Where PEC parts with the FERC proposal is how to accomplish this goal.

A Better Solution

If the goal is to increase transfer capability quickly; to tap into renewable resources; to enhance national security and to provide jobs for Americans, there is a better way to accomplish all these goals and to minimize the impact of transmission expansion on the lands, the people and the wildlife along the path of any transmission corridor.

According to many transmitting utilities, much of the existing backbone transmission infrastructure is congested and is nearing the end of its useful life. If transmission providers could apply for and receive the same enhanced rate of return on a “wreck and rebuild” project as they can receive on constructing new transmission, all of the stated goals of the plan could be accomplished without the attendant complications that will be outlined below.

A rebuilt line could be confined to the existing right of way, reducing the time and expense of land acquisition. State commissions, stakeholders and utilities would have an easily understood siting process. New conductors and upgraded equipment could expand transfer capability. The current depressed demand for electricity offers a unique opportunity for scheduling the necessary outages on the grid. Rebuilding existing lines is not without difficulties. It is, however, a proposal that could be adopted quickly and would face far less challenges than the pending proposal while offering benefits to the grid, the environment and the economy.

The Flawed Proposal

The Energy Policy Act of 2005 (“EPAct ‘05”) preserved the right of the States to site transmission lines. States have continued to perform that role and the proposal does not cite a single instance where that process has broken down. Instead the proposal laments the fact only a single applicant has approached FERC to invoke their authority to site a line that had been turned down by a state commission. The reason that the backstop authority has not been exercised more often is because lines are being applied for, lines are being approved—sometimes to consternation of environmental groups, such as the undersigned.

Resurrecting and recasting a flawed §1221 process is a solution to a problem that does not exist. To be blunt, the proposal appears to be an attempt to accomplish through rule making results that were not achieved in Congress through EPAct ‘05 and have been struck down by the Courts since that time.

That overarching flaw in the proposal should be enough to compel the DOE to do nothing at this time. In addition to that failing, PEC directs attention to the following concerns with the proposal:

- A “single federal forum” for transmission line approval severely reduces the opportunity for impacted stakeholders to participate in the process. Compounding this defenestration of landowners and environmentalists, to permit a transmission developer to begin state and federal proceedings contemporaneously would require interested parties to undertake at least two specialized and complicated legal proceedings at the same time in order to adequately protect their homes and interests. To describe this as a “savings in time and money, and general efficiencies of process” is at best myopic. The “savings” may accrue to FERC but will not be realized by stakeholders, affected communities or ratepayers.

- Transmission lines sited under this proposal will not be able to discriminate based upon generation source. A line sited in good faith to accommodate renewables will be an additional pathway for non-renewable generation.
- Integrating this proposal with Order 1000 is, at best, problematic. With so many parties requesting rehearing and with so many of its details left to be developed, it is unlikely that Order 1000 impacts will be clear, let alone predictable, to market participants before the proposal is implemented.
- To date FERC has been quite generous in granting enhanced rates of return for most transmission projects. With the vague approval criteria outlined in the proposal—which do not appear to include the commonly understood showing of “need”—the proposal seems to be further tilting the playing field in favor of approval of all applications regardless of need.
- It is possible that the proposal makes sense in the western region. PEC comments are based upon its experience in the PJM region of the eastern interconnection.

Conclusion

In a larger sense, DOE and FERC should be exploring ways to incent and enhance non-wires solutions. As PEC has argued previously to DOE as well as in other state and federal forums, the future of American energy policy lies not in building more and more transmission lines, but in increased efficiency, demand reduction and clean, distributed generation. The pending proposal is a transmission expansion enhancement plan that accomplishes none of these goals and PEC cannot offer any words of support for its adoption.

Sincerely,
The Piedmont Environmental Council

Christopher G. Miller
President

Robert G. Marmet
Senior Energy Policy Analyst