



May 9, 2018

via Email (Energy.commerce@mail.house.gov)

Frederick S. Upton, Chairman
Bobby L. Rush, Ranking Member
Members of the Subcommittee
Subcommittee on Energy, Committee on Energy and Commerce
Rayburn House Office Building, Room 2125
Washington, DC 20515

Dear Chairman Upton, Ranking Member Rush, and Members of the Subcommittee:

Thank you for including these brief observations in the record of your hearing of May 10, 2018. Investment in transmission infrastructure is a subject of major national importance to which little attention is ordinarily paid and I therefore commend your efforts to elicit the best thinking on the subject.

Based on my years of experience in the energy area and my tenure leading the FERC, I can assert that no organization is more dedicated to promoting investment in the electric grid, modernizing its technology, or improving its regulation than is my client WIREs, a non-profit international trade association (www.wiresgroup.com). WIREs has produced for policy makers like yourselves and the industry a battery of studies on how transmission benefits North American economies and consumers, and how transmission, if made sufficiently robust, can ensure that we meet the challenges of an economy that is destined to be much more highly electrified in the coming decades. I am attaching for your review the comments we just filed at the FERC about why transmission investment is critical to the resilience of our electric system.

Let me share brief observations about the topics of your hearing. First, the level of transmission investment in recent years essentially made up for a quarter century of underinvestment, replaced aging and electro-mechanical facilities (some nearing a century old), and addressed short term reliability issues. We should not allow ourselves to rest on our laurels, however. Continued investment is not optional if we are to meet challenges of an electrifying economy, install modern digital technologies, deploy and serve more distributed resources, enhance regional and interregional energy markets, lower electricity prices for consumers (which are a declining share of the cost of living almost everywhere), and strengthen the grid against physical, cyber, and natural disruptions. The high-voltage grid must be storm-hardened and modernized for an environment that can be hostile to our electrified society – that's where we urge the FERC to expend its resources and authority.

Second, no energy delivery system is more extensively planned, more regulated and overseen at more levels of government, or more resisted based on misconceptions about who these facilities benefit than is the transmission grid. The reasons for this are partly historical; we are building an integrated, regional and multi-state network under laws and a jurisdictional division of labor based on a completely outdated business model of local and state monopoly. Compared to the 3-4 years needed for natural gas pipelines for example, the planning, siting, permitting, and construction of transmission lines frequently require a decade or more. Uncoordinated environmental reviews are a small part of the problem, in my estimation.

The more important and extensive a project is, the more likely that affected states will fall into prolonged disagreement about who benefits and how the public interest should be served. It's an old story with no solution on the horizon – at least not without your help.

Order No. 1000 has been part of FERC's plan to move toward a more integrated, market-friendly bulk power environment. It has many critics. Some of the criticism that it has not yielded the transmission infrastructure it promised, commensurate with its administrative burdens, is entirely justified. I, for one, think its failure to produce more interregional projects to sustain broader markets is a major problem. However, the Commission appears to have taken a pass on opportunities to make the rules simpler, clearer, and more productive. Instead it has deferred to states and regions to develop their unique approaches, in effect perpetuating the patchwork of tariffs, rules, and procedures that critics complain about. But I hasten to add that Order No. 1000 instituted the regionalization of grid planning and allocation of costs to true beneficiaries that are, and should remain, the touchstones of grid regulation. It has generated many successes, and now we should move beyond it. Nevertheless, the public and industry would be well served if FERC took a fresh look at its long-term electricity market objectives and began down the road to major improvements to what is already on the books.

Finally, the decentralization of electric generation resources and the new technologies that empower individuals and businesses to be energy providers and price setters as well as consumers and price takers do not spell the end of the wired network of transmission lines. Those resources and technologies will depend more than ever on the grid for their economic justification and deployment. Transmission gives us the optionality to adapt electrically to whatever the future holds. Made smarter and more resilient, the transmission system will be the most valuable energy asset we have.

Thank you Mr. Chairman and Members of the Committee for your consideration.

With kind regards,



James J. Hoecker
Executive Director and Counsel, WIRES

Enclosure: Comments of WIRES filed in FERC Docket No. AD18-7-000

Cc: Jason Stanek (via Email)
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