

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
Minority (202) 225-3641

**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**Hearing on “The American Energy Initiative: Day 13”**  
**Subcommittee on Energy and Power**  
**October 13, 2011**

Thank you, Mr. Chairman, for working with us on today’s hearing on electric transmission. This is a vital issue. One reason it’s so important is the relationship between transmission and renewable energy.

Renewable energy is one of the cornerstones of a clean energy economy. Over the next decade, the global clean energy market is going to be worth \$2.3 trillion. We cannot afford to surrender this market to China and other countries with aggressive clean energy policies. But to compete effectively, we will need to increase dramatically the amount of energy generated from renewable sources.

The good news is that our nation has tremendous renewable resources. There are excellent wind resources in the middle of the country and substantial solar resources, particularly in the southwest. In fact, every region of the country has renewable resources that can be tapped to expand renewable energy generation and reduce carbon pollution.

The challenge is that some of the best renewable resources are often located in remote areas – far from the cities and population centers that need clean electricity.

And that brings us to the issue of transmission. We are not going to achieve our job creation and pollution reduction goals without new transmission to connect our renewable resources to the electric grid. There’s no question that transmission is not the only solution. Energy efficiency and other methods of reducing electricity demand will play a crucial role. Distributed clean energy generation is important. But I don’t think anyone seriously questions the need for some new transmission lines if we’re going to dramatically expand our use of renewable energy.

In approaching this issue, we need to preserve a strong role for local and state interests and expertise. But we also need to ensure that important interstate transmission lines aren’t blocked for purely parochial reasons.

This is a tough issue. It's an issue that has been the subject of spirited debate during the past several years.

The Federal Energy Regulatory Commission, FERC, recently tackled two key aspects of this issue in its Order 1000. For transmission planning, this order requires regional planners to consider public policies, such as state renewable portfolio standards, in their plans. And it requires neighboring planning regions to coordinate.

On the question of cost allocation – or who pays for new transmission lines – FERC provides the regions with a considerable amount of flexibility. But regions are required to have a cost allocation method for transmission lines selected in the regional plan, and the method has to meet a set of principles established by FERC. A core principle is that only people who benefit from a new transmission line should have to pay for it. FERC also requires neighboring regions to establish a joint method for allocating the costs of new transmission lines that would travel through more than one region.

FERC staff submitted a separate proposal to the Department of Energy related to FERC's authority to site certain transmission lines when states fail to do so. This is commonly referred to as federal backstop siting authority. Right now, the Department of Energy conducts studies of transmission congestion and then designates National Interest Electric Transmission Corridors. Within those corridors, FERC has authority to site lines if the state permitting agency fails to act on a permitting application for one year.

I opposed this provision in 2005 and I think the last six years have demonstrated that it was the wrong approach. It focused exclusively on congestion rather than on other important factors like reliability and expanding renewable generation. It was structured in a way that interfered with the traditional authorities of state permitting agencies. There was no link to regional planning, and the federal backstop siting authority even applied to transmission that didn't cross state lines. Under the prior Administration, DOE also abused the process by designating massive corridors that included whole states.

FERC staff proposed that Secretary Chu delegate DOE's authorities to FERC so that FERC could breathe new life into this flawed provision. Yesterday, Secretary Chu decided not to delegate DOE's authorities as FERC proposed. I think that was the right decision. However, Secretary Chu and Chairman Wellinghoff also announced that they will work together to improve implementation of this provision. Today's hearing is a good opportunity for the Committee to better understand the details of how this new approach would work.

A broad range of views are represented on both of today's panels and I look forward to hearing the perspectives of our witnesses on FERC's efforts to improve transmission planning and lower cost allocation barriers to building new transmission.

Thank you, Mr. Chairman.