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July 12, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington D.C. 20510

Dear Senator Reid and Senator McConnell:

We write to express our continued opposition to establishing and enacting new national transmission policy as encompassed in the American Clean Energy Leadership Act (S.1462). We believe it is important to reiterate our position on this critical issue in context of current discussions surrounding development of proposed energy legislation. It is not our intention to take a position on S.1462, but to express emphatically our concerns over the bill's transmission provisions and their adverse impact on a variety of important energy policy goals.

The build-out of the national transmission corridor implicit in S. 1462 is estimated to cost at least \$160 billion, the majority of which would be paid for by East Coast states, costing our ratepayers hundreds of dollars per year. In its current form, this legislation would harm regional efforts to promote local renewable energy generation, require our ratepayers to bear an unfair economic burden, unnecessarily usurp states' current authority on resource planning and transmission line certification and siting, and hamper efforts to create clean energy jobs in our states.

Fundamentally, we fail to see the value in reorganizing existing state and federal markets and authorities. In our regions, we are currently on track to meet, and in some cases exceed, state or potential federal renewable energy standards well into the future. Therefore, federal integrated resource planning or siting preemption simply is not needed. Several of our states already have significant land-based wind projects installed or underway and have established aggressive wind development goals. Moreover, according to DOE's National Renewable Energy Laboratory, the offshore wind energy potential off the Atlantic coast is estimated to be 620,000 megawatts, enough generation to meet the region's total electricity demand.

The transmission approach in S. 1462 threatens to undermine the significant renewable energy potential along the East Coast by subsidizing distant terrestrial wind resources which would stifle economic recovery and growth in the East by destabilizing competitive electricity market structures and increasing energy prices in regulated markets. It would also give the Federal

Energy Regulatory Commission (FERC) new resource planning authority, which would likely result in FERC imposing all transmission costs on ratepayers. In a deregulated market, generation facility owners and developers -- who stand to benefit the most from the construction of interstate transmission -- should contribute their fair share of the transmission costs.

Importantly, the Eastern Interconnection Planning Organizations (EIPC and EISPC) have established a comprehensive national stakeholder review of whether and how renewable energy can be integrated into the electric grid in a reliable and cost efficient manner. Policy should be informed by the results of this effort to address technical feasibility and economic issues, rather than precede it.

We support a strong federal-regional-state partnership that advances cost-effective renewable energy resources and technologies, diversifies our energy supply through coordination and cooperation, decreases greenhouse gas emissions and reduces our dependence on foreign sources of energy. In our view, legislation to promote renewable energy resources on a fair, equitable, and efficient basis should be consistent with state policy incentives and, at a minimum:

- Strengthen and extend voluntary renewable energy incentives that are sufficient, simple, transparent, and technology neutral;
- Encourage FERC to support and facilitate robust planning within regional transmission organizations that provides and promotes local renewable resource integration and preserves local oversight and review;
- Support Interior Secretary Salazar's efforts to promote America's offshore wind industry by expediting the permitting of offshore wind projects, provide tax incentives to enable the industry to create clean energy jobs and become cost competitive, and assist regional efforts to build offshore wind infrastructure, including vessels and port facilities.

While our intent is not to express a position on the American Clean Energy and Security Act (H.R. 2454), the Transmission Planning Title (Subtitle F) describes a planning framework which maintains market competition in electricity markets, and encourages collaboration and coordination in cross regional transmission planning and integration in the eastern interconnection. Such a framework also provides sufficient incentives to develop needed transmission infrastructure without creating a framework for federal integrated resource planning or transmission subsidization.

Thank you for your attention to this critical issue.

Sincerely,



Governor Deval Patrick
Massachusetts



Governor Donald L. Carcieri
Rhode Island



Governor M. Jodi Rell
Connecticut



Governor Jack Markell
Delaware



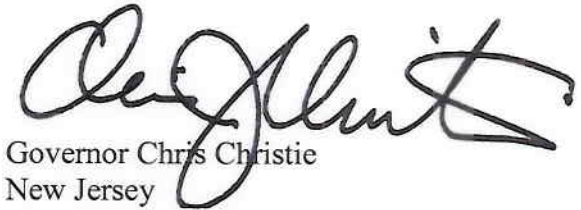
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