

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

|                                   |   |                              |
|-----------------------------------|---|------------------------------|
| <b>Petition for Rulemaking on</b> | ) |                              |
| <b>Electric Transmission</b>      | ) | <b>Docket No. RM10-4-000</b> |
| <b>Cost Allocation Principles</b> | ) |                              |

**COMMENTS OF THE AMERICAN WIND ENERGY ASSOCIATION  
AND THE SOLAR ENERGY INDUSTRIES ASSOCIATION  
IN SUPPORT OF PETITION FILED BY WIRES**

Pursuant to Rule 211 the Federal Energy Regulatory Commission (“Commission”) Rules of Practice and Procedure,<sup>1</sup> the American Wind Energy Association (“AWEA”) and the Solar Energy Industries Association (“SEIA”) hereby file these comments in the above-referenced proceeding.

On November 12, 2009, the Working group for Investment in Reliable and Economic electric Systems (“WIRES”) filed a petition for rulemaking, requesting that the Commission institute a rulemaking proceeding with respect to allocation of the costs for high-voltage electric transmission expansions and upgrades. On November 23, 2009, AWEA and SEIA each filed comments in response to FERC’s October 8, 2009, Notice of Request for Comments in Docket No. AD09-8-000 (Oct. 8, 2009), which also encouraged the Commission to, among other things, initiate a rulemaking that would undertake the reform of its policies regarding cost allocation. For the reasons set forth in those comments and herein, we generally support the WIRES petition.<sup>2</sup>

---

<sup>1</sup> 18 C.F.R. § 385.211 (2008).

<sup>2</sup> The issues discussed herein and others related to the Commission’s cost allocation policies are more fully articulated in AWEA’s and SEIA’s comments filed in AD09-8-000.

## I. SUPPORTING COMMENTS

AWEA and SEIA generally support the WIRES petition and, in particular, concur with the following statements made therein:

1) The Commission’s current cost allocation approach to date is “particularly troubling with respect to the challenges of coordinating different cost allocation schemes between adjacent regions or allocating transmission costs across the boundaries of regional transmission organizations (‘RTOs’) or of other regions or states that are served by the same lines and which are integrated electrically.”<sup>3</sup>

2) The Commission should “institute a rulemaking proceeding . . . which, at a minimum, will provide the industry with nationally-applicable principles and guidance to govern the allocation of the costs to ratepayers with respect to all future high voltage electric transmission expansions and upgrades that are jurisdictional to the Commission.”<sup>4</sup>

3) “[A] clearly enunciated approach to cost allocation will help ensure that parties will formulate, negotiate, and propose transmission cost allocations that are more likely to meet fundamental legal requirements and current policy objectives without rancor and delay.”<sup>5</sup>

4) “Assigning costs to immediate cost-causers without regard to the impact, positive or negative, that new facilities have on other users of the grid or on competitive access to a market may be simple but it may inhibit competition and access to resources.”<sup>6</sup>

---

<sup>3</sup> WIRES Petition at 6.

<sup>4</sup> *Id.* at 1.

<sup>5</sup> *Id.* at 7.

<sup>6</sup> *Id.* at 10.

5) “The Commission should . . . ensure that the beneficiaries of transmission investments share the costs of those facilities.”<sup>7</sup>

6) “[T]he idea that solutions arising out of stakeholder processes would, by themselves, solve the cost allocation problem is now outmoded and ineffective, whether those solutions pertain to cost allocation mechanisms that would apply within the footprint of an RTO or whether they would otherwise apply outside RTOs across multiple jurisdictions or regional systems.”<sup>8</sup>

7) “Prolonged debate over the appropriate allocation of transmission costs is often recognized as among the major barriers to appropriate developing renewable resources.”<sup>9</sup>

8) “[N]o entity other than the Commission is in a position, both in terms of its broad authority and its expertise, to assess . . . [how] factors [that go into determining an equitable cost allocation approach] ought to be incorporated into transmission planning across multiple states, regions, and electrical systems and thus accommodated in the public interest.”<sup>10</sup>

9) “Commission action on cost allocation now would be both timely and appropriate. . . .”<sup>11</sup>

10) “It is . . . within the Commission's existing authority and mandate to establish the metes and bounds of all regional cost allocation methodologies in the public interest.”<sup>12</sup>

---

<sup>7</sup> *Id.* at 2.

<sup>8</sup> *Id.* at 8.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 11.

<sup>11</sup> *Id.* at 12.

11) The requested rulemaking proceeding should be “instituted as soon as possible and be concluded with a final rule not later than the end of 2010.”<sup>13</sup>

## II. CONCLUSION

WHEREFORE, for the foregoing reasons, AWEA and SEIA respectfully request that the Commission grant the WIRES request for a petition for a rulemaking related to cost allocation and consider the comments herein in that determination.

Respectfully submitted,

By:           /s/ Gene Grace          

Gene Grace  
Rob Gramlich  
Tom Vinson  
AWEA  
Suite 1000  
1501 M Street, NW  
Washington, DC 20005  
(202) 383-2521  
ggrace@awea.org

Katherine Gensler  
SEIA  
Suite 400  
575 7th Street, NW  
Washington, DC 20004  
(202) 556-2873  
kgensler@seia.org

Dated: January 4, 2009

---

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 15.

