

April 10, 2014

Hon. Ernest Moniz
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave. SW
Washington, DC 20585

Subject: Quadrennial Energy Review

Dear Mr. Secretary:

On behalf of WIRES, I wish to applaud you for focusing the Quadrennial Energy Review (QER) in Year 1 on key enabling infrastructure, namely the high voltage electric transmission grid. WIRES is a national non-profit association of investor-, member-, and publicly-owned transmission providers, renewable resource developers, regional transmission organizations, and economic, technology, and policy firms whose sole mission is promotion of investment in transmission (www.wiresgroup.com).

The plans for the QER appropriately focus on the need for a resilient energy delivery system. As WIRES recently told the FERC in response to its concerns about physical grid security (Docket No. RD14-6-000), “WIRES emphasizes its strong conviction that robust infrastructure, built to serve the multiple long-term needs of our electric economy, is the principal basis of real system resilience in the face of the diverse threats, whether they arise from climate change, calculated violence against the system, the vulnerabilities associated with digital technologies, or other phenomena.”

However, I know you recognize the extraordinary challenges facing transmission development. Although the ability to compete for capital is always an issue, uncoordinated planning and regulation and a lack of understanding about the strategic value of the grid are significant deterrents to effective infrastructure development. WIRES supports the QER because it offers the real prospect of advancing the understanding of both state and federal policy makers about the critical need to reexamine public policy and law to foster a well-planned, environmentally beneficial, and robust transmission grid. We urge you to be bold in setting forth attainable and discernible goals for advancement of our national electric transmission infrastructure and to work with industry to overcome existing impediments to needed infrastructure development and expansion. WIRES therefore has one principal request of the QER -- that the Administration step out strongly in favor of robust energy delivery infrastructure as a national priority.

WIRES has committed to Ms. Melanie Kenderdine, Director of the Office of Energy Policy and Systems Analysis, to be as helpful as possible in advancing this ambitious analytical effort. WIRES upcoming activities that may be of interest include:

- WIRES is conducting a study of Market Resource Alternatives (MRAs), sometimes referred to as non-transmission alternatives, to improve understanding of MRAs and how they complement expansion and upgrade of the transmission system. That study will be completed in a few months and EPSA will be among the first to be briefed on it.
- We will share the experience of WIRES members on the reliability issues arising as a result of physical security concerns and retirement of large numbers of fossil generators. WIRES represents a diverse cross-section of transmission providers and customers and it works closely with major organizations with an interest in transmission infrastructure.
- WIRES and its members are analyzing the interregional planning efforts of the industry and the impact of that work on the ‘redesign’ of the grid and the future of bulk power markets. It is also studying competitive development of transmission, which is emerging in several developed economies and in the context of Order No. 1000 implementation. These developments should help improve the resilience and adequacy of the transmission grid and foster the kind of market competition and infrastructure investment that will fuel the energy sector for decades.
- WIRES has already submitted to the QER Team its ground-breaking reports on **The Benefits of Transmission** (2013), **The Employment and Economic Development Benefits of Transmission Infrastructure Investment** (2011), and other studies. We have determined that, even among the best planners, the tendency to authorize projects based on short-run economic or reliability advantages or to sanction inter-regional projects based on the lowest common denominator criteria on which adjacent regions can settle, without considering the full range of potential project benefits, will lead to suboptimal grid expansion over the useful lives of many new facilities. Transmission projects provide broad benefits to customers and these benefits need to be considered in all planning efforts.

While QER cannot solve all the problems facing transmission investors, it represents a critically important opportunity to build a foundation for addressing the clean energy future, grid resilience, competitive markets, and new technologies. In conjunction with FERC’s Order No. 1000 and constructive state involvement, the QER can frame our energy future in ways that are both compelling and implementable, while still respecting any key regional differences and preferences that contribute positively to the strength of the grid as an integrated whole.

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On behalf of WIRES and its members, permit me to thank you, Ms. Kenderdine, and the QER Staff for your important work in this area.

Sincerely,



Phillip C. Grigsby
Vice President, Commercial Transmission
Duke Energy
Charlotte, North Carolina
President of WIRES

cc: Hon. Mary Landrieu, Chair,
Senate Committee on Energy and Natural Resources
Hon. Lisa Murkowski, Ranking Member
Senate Committee on Energy and Natural Resources
Hon. Fred Upton, Chairman
House Energy & Commerce Committee
Hon. Ed Whitfield, Chairman
Subcommittee on Energy and Power,
House Energy & Commerce Committee

Dr. John Holdren, Director
White House Office of Science and Technology Policy

Melanie Kenderdine, Director
Office of Energy Policy and Systems Analysis

Bill Hederman
Karen Wayland
Jonathan Pershing
James Bradbury