

Testimony of U.S. Senator Bob Casey, Jr.
Full Committee Hearing
U.S. Senate Committee on Energy and Natural Resources
Thursday, July 31, 2008

First, I want to thank Chairman Bingaman and Ranking Member Domenici for holding this morning's hearing on transmission issues, including new provisions of law under the 2005 Energy Policy Act. I appreciate the Committee's willingness to gather information specifically on the National Interest Electric Transmission Corridors authorized under Section 1221 of the Energy Policy Act of 2005. I also want to recognize Senator Menendez for his leadership and thank him for his continued work on this issue.

Affordable electricity is a cornerstone for a strong economy, and I agree that we must ensure that electricity moves through the grid and is delivered to customers efficiently and reliably.

On February 12th, fourteen bipartisan senators from the Mid-Atlantic and Northeast sent a letter to this Committee requesting oversight hearings on the transmission corridors because concerns have been raised in our states about the way those corridors are being implemented. I am concerned that the scope of the implementation and the potential over-use of the new federal power line siting authority go beyond the narrow back-stop authority that the Committee intended when it crafted the provision.

Pennsylvania is the power provider for the Northeast and Mid-Atlantic and we annually rank second or third in the nation for electricity generation. We export at least 30% of the power we generate and are the principle supplier of electricity to our neighboring states. Delaware, New Jersey, Washington D.C., and Maryland each import over 20% (up to 50% in some cases) of their electricity and Pennsylvania provides much of that power. Pennsylvania's robust generation industry combined with our willingness to site high-voltage lines so that reliability is preserved throughout the region have made it possible for our neighboring states to avoid difficult decisions to site new power plants in their own borders. So the concern that Pennsylvanians have over the implementation of the 2005 energy bill is not simply a NIMBY issue.

In Pennsylvania, the transmission corridors are the focus of intense interest from local residents who are worried about the impact of the corridors on their towns to officials in state and local government. These concerns are evident from the over 4,500 people who signed a petition on my website earlier this year. One glance at the Energy Department's corridor designation map and it's easy to see why everyone is worried. The Mid-Atlantic Corridor covers about 75% of Pennsylvania. On a national level the Mid-Atlantic Corridor and the Southwest Corridor includes portions of 10 states and affects more than 72 million people.

The word corridor sounds benign when what we are looking at are huge swaths of land and the majority of a state being wrapped up in what should be a very narrow focus on key electric congestion points. I know that the Energy Department maintains that their

designation doesn't really "do" anything. But in as much as the corridors determine the area in which the Federal Energy Regulatory Commission (FERC) can invoke the new federal siting power, the designation is very significant.

At the state level, the Pennsylvania State House and State Senate, along with Governor Rendell have all voiced their opposition to the transmission corridors as they are being implemented by the Energy Department and FERC. One reason is the concern of over-reaching by these federal authorities to effectively displace the states and substitute the federal government as the ultimate authority responsible for siting electric transmission lines. Another reason is the worry that, as implemented, the transmission corridors undermine state renewable electricity standards, greenhouse gas reduction programs, and energy efficiency initiatives by making it virtually impossible for new, important and rapidly expanding power sources to compete with highly-moveable established power generation.

The way the Energy Department carried out its designation process was unacceptable. In Pennsylvania, only one public meeting was held to inform residents of what the transmission corridor does and does not do. And that meeting, which was held in Pittsburgh, was only added to the calendar after the regional Congressional delegation sent a letter to Secretary Bodman. I don't think that this is the way the federal government ought to flex its muscle over states and towns. The fact that over 2,000 public comments expressing concerns over the draft corridor designation were sent to the Energy Department, and yet the final designation was virtually unchanged, should concern all of us. To the people of Pennsylvania, these actions conveyed a level of arrogance on the part of the federal government that undermines confidence in government.

In addition, I don't think that the Energy Department abided by the spirit of the 2005 energy act in failing to consult with the states in conducting their congestion study, failing to assess and evaluate transmission needs and non-transmission alternatives to relieve congestion, and failing to comply with existing federal laws that protect public lands and the environment.

I want to talk a little about the idea of non-transmission line solutions to electric congestion. While the Energy Department is looking at alternative methods of relieving congestion these alternatives have not been considered on equal footing as the construction of more high-voltage lines. Alternatives like Demand Side Management that create incentives for customers to reduce usage during peak demand times, siting local generation near the demand, distributed generation, conservation, and efficiency all should be considered.

On the FERC side of the implementation process, I have concerns about conflicting statements that I have gotten from FERC through meetings and letters. I also am worried that for a provision that Congress intended to be rarely used to address a lack of state action on an interstate proposal, FERC has taken a very liberal view of the new power afforded them. In 2006, FERC issued final regulations that assert FERC's jurisdiction

over siting decisions in circumstances where states have timely and lawfully denied approval of transmission line proposals. Not only does this assertion of jurisdiction fly in the face of the plain language of the 2005 Energy Policy Act it is also contrary to the purpose of the Act, which was to provide a process point for the federal government to step in and approve or disapprove of transmission lines that are necessary to relieve specifically identified congestion where the states have not acted.

The combination of transmission corridors that swallow our states and the broad implementation of the law by FERC are already impacting Pennsylvanians. Last year a power company was censured by the Pennsylvania Consumer Advocate. Among the complaints from the families who were affected, were that contactors visited their properties and told them that they could fight it now but that the company would just wait it out for a year and then the federal government would take over.

I hope that the Committee will take all of these concerns into account and work to address what I believe to be a faulty implementation of what should have been a focused and narrow provision of law. As the Committee considers solutions, I urge you to refine the law to require appropriate public meetings in affected areas, address the impact a proposed project under the National Interest Electric Transmission Corridors could have on state renewable energy and greenhouse gas programs, and ensure that non-transmission alternatives are part of the solution.

Again, thank you for holding today's hearing. I appreciate your time during this last busy week before we return to our states for the next month. I stand ready to assist you in any way that I can in order to make the transmission corridors under the 2005 energy act work for the people of Pennsylvania and all of America.

Thank you.