

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

DID YOU KNOW? Corporations **VOTED** to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a **VOICE** and a **VOTE**," according to newly exposed documents. **DO YOU?**

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ALEC Electricity Transmission Principles

Did you know the trade group for the gas industry was a corporate co-chair in 2011?

Mission

Energy Production and Transmission are critical components of our nation's economic infrastructure. For economic growth to continue, the expansion and protection of our electricity transmission infrastructure system must be a priority of the states and nation. To that end, the state governments and federal government must provide regulatory flexibility that recognizes state sovereignty and individual property rights.

Purpose

To ensure that the electricity transmission system is coordinated in a manner that satisfies current needs and future growth, and that provides energy consumers with the necessary levels of system security, overall reliability, and access to the most economic and diverse sources of electricity.

Introduction

The U.S.'s electricity grid is one of the largest machines ever built by man. Connecting 150,000 miles of high-voltage transmission lines and power plants, the grid is monitored by 10 regional electric reliability councils, managed by more than 140 control areas, owned by numerous utility and transmission companies, and used by utilities and a growing number of independent power producers.¹ Additional regulations and oversight come from state public utility commissions and the Federal Energy Regulatory Commission.

The Northeast blackout of 2003 showed how important the nation's transmission infrastructure is to the country's economy and security. Transmission system improvements, including: siting more wires, using innovative circuit breakers and transformer technology, and coordinating communications and monitoring among grid operators have the potential to improve the efficiency and reliability of the grid.

Reliable electricity supplies depends upon significant improvement of the transmission grid. Interstate and intrastate transmission siting authority and procedures must be addressed to facilitate the construction of needed new infrastructure.

ALEC Electricity Transmission Principles

1. Siting Authority

Interstate siting authority: States should work together either through interstate siting commissions or similar agreements to facilitate the construction of interstate transmission. The creation, role and functions of regional siting authorities should be site and situation specific. If a region chooses to have interstate siting authority, it is recommended that all states in the region participate and have an equitable role in policymaking. Regions may determine not to have a regional siting authority. **The federal role should be as the mediator of last resort.**

Intrastate siting authority: There should be a clearly defined state-level authority for siting. **The state authority should have a streamlined permitting procedure including clearly defined timetables for each stage in the process.** The process should be transparent, impartial, and encourage public participation, but **avoid being held hostage by special interest groups.**

Companies and the state should consider alternatives to siting in new areas, including using existing right-of-ways, upgrading existing lines, and investing in communications and grid technology that allows owners to operate existing lines more effectively. Technology options should never be mandated and the free market should be the principle determinant of which products reach the marketplace.

2. Eminent Domain

The state siting authority should encourage the private or publicly owned facilities to provide market based fair and equitable compensation to willing sellers and incentives to neighborhoods to facilitate the siting process. Individual property rights are considered paramount and the use of eminent domain is an option of last resort that should only be used in cases to strictly meet the definition of the "public good."

The "public good" should be clearly defined statutorily as the most efficient, cost effective path, to balance projected transmission needs with neighborhood concerns. The states should engage in a comprehensive review of their eminent domain laws to ensure that property rights are clearly defined and protected and that fair compensation is provided for any takings.

3. Transmission Investment

The state siting process should allow the market to provide incentives for increased infrastructure investment. Grid owners should be allowed to recoup adequate rates of

ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
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- Bayer Corporation
- GlaxoSmithKline
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- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

return on transmission, especially in areas where financial risks, regulatory uncertainty, and special interest objections are more pronounced. Congestion management, reactive power production, and other ancillary services may also be priced at market rates if market power is mitigated.

Appropriate transmission upgrades can be financed by utilizing a number of options to facilitate the funding of transmission including rolled-in rates and participant funding of the transmission network.

4. Transmission Organizations

Transmission organizations can improve communication among grid operators and transmission efficiency, but if not properly executed, they can lead to greater levels of bureaucratic chaos and diminish reliability. Effective organizations are those with streamlined management layers, consolidated monitoring and decision-making processes, and seamless communication networks.

Emergency action plans should be defined and practiced regularly to ensure communication among managers, technicians, and the public, and electronic communications among various grid components.

States should be encouraged to join those organizations that improve the marketability, reliability, and price of electricity for consumers. However, due to regional differences in electricity prices and varying levels of electricity deregulation, states should be allowed to join regional networks at their own pace.

Reliability is the responsibility of the private sector with appropriate government oversight. Regional organizations, including the existing 10 National Electric Reliability Councils, should have enforceable and mandatory reliability rules for participating companies. The western NERC region has accomplished this goal through contracts with companies that include penalties for non-compliance. Minimum standards should be set using risk management strategies, but the market should determine the best way to achieve them.

5. Infrastructure Protection and Energy Security

States should engage in a comprehensive review of the procedures for transmission and power plant security. The state Homeland Security office should consult with electricity providers to review existing infrastructure protection plans, develop emergency procedures, and estimate potential impacts and time scales of power outages. States should prioritize agencies and services that need to be available in the event of an outage and use a combination of backup and distributed generation to meet these needs.

¹ North American Electric Reliability Council. As reported in the "The National Grid Study." Department of Energy, 2002. Available online: http://tis.eh.doe.gov/ntgs/gridstudy/MAIN_1.PDF.

Adopted by ALEC's Natural Resources Task Force at the Spring Task Force Summit May 1, 2004. Approved by full ALEC Board of Directors May, 2004.

From CMD: This document recognizes that state level electricity regulation is inadequate but opposes federal regulation. It allows utilities to expand the grid, produce more power and transmit it. Wind businesses tend to support expansion.

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