

**WASHINGTON OVERVIEW
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Climate Legislation in the House

- ▣ House passed legislation earlier this summer
- ▣ Comprehensive legislation addressing green house gas (GHG) emissions through a cap and trade program with emission allowances allocated for load serving entities and off-sets for agriculture and forestry
- ▣ Energy provisions for a RES, CCS, energy efficiency , fuel economy standards and technology development
- ▣ Multiple Committees involved in the process
- ▣ Legislation required extensive compromise

Climate and Energy Legislation in the Senate

- ▣ Senate traveled a different path from the House in addressing both energy and climate issues
- ▣ Senate Committee on Energy and Natural Resources passed a bill addressing a wide range of issues including a RES standard, CCS and transmission
- ▣ This legislation has not been considered by the full Senate, pending action on a climate bill

Climate and Energy Legislation in the Senate

- ▣ The Senator Boxer, Chair of the Senate Committee on Environment and Public Works (EPW) joined with Senator Kerry to Co-Sponsored a bill addressing GHG emissions based on a Cap and Trade program
- ▣ Legislation mirrored much of the language in the House passed
- ▣ Legislation voted out of the EPW Committee without amendments, with only Democrats voting

Climate and Energy Legislation in the Senate

- ▣ EPW vote politically charged and highly controversial
- ▣ Other Senate Committees likely to address elements of climate legislation
- ▣ Strategy is to combine the various elements of energy and climate legislation into a comprehensive package on the Senate floor
- ▣ Path forward in 2009 remains uncertain and unlikely

Administration Action on Climate Change

- ▣ Administration has not fully engaged in the climate debate thus far
- ▣ EPA issued its endangerment finding on Friday
- ▣ OMB now begins an interagency review
- ▣ President Obama expected to declare this finding at the upcoming Copenhagen Summit on Climate Change as the basis for regulatory promulgation absent Congressional action
- ▣ Stationary sources are the most likely target for EPA regulations

Transmission Legislation House

- ▣ House transmission title in climate bill considered a “place holder” for House/Senate Conference
- ▣ House transmission title, focused on regional planning based on FERC planning principles
- ▣ DOI given lead role for coordination of federal agency reviews on public lands
- ▣ Loans guarantees from the 2005 Energy bill and Stimulus bill extended to include qualified high efficiency or electric transmission property that utilizes superconductive material

Transmission Legislation House

- ▣ The Secretary of Energy directed to provide grants up to 50% of the costs for developing advanced qualified electric transmission property, but only good for first project

Transmission Legislation Senate

- ▣ Senate energy bill contained a more comprehensive approach to transmission
- ▣ FERC planning principles, regional planning coordination, Interconnection-wide plan for high priority national transmission projects, siting of high priority national transmission projects, RIGHT OF EMINENT DOMAIN, Coordination of Federal Authorizations for Transmission Facilities with DOI as lead agency on federal lands, Cost Allocation,

Transmission Activities in the Administration

- ▣ MOU signed by participating agencies on October 23rd
- ▣ MOU step forward in designating a lead federal agency
- ▣ DOE is the overall lead versus the FERC
- ▣ DOI given lead role on federal lands

Where Will This All Go?

- ▣ Climate legislation in the Senate has not reached critical mass among Members
- ▣ Movement of legislation in the Senate is dominated by regional versus partisan concerns
- ▣ Health care legislation will occupy the remaining legislative days going through December
- ▣ Path forward in 2010 is not clear and may be impacted by election year politics