

Rep. Price offered the following resolution:

**House Resolution No. 45.**

A resolution to urge the Federal Energy Regulatory Commission to grant a rehearing and modify its December 16, 2010 order approving the Midwest Independent Transmission System Operator's cost allocation proposal to socialize transmissions costs.

Whereas, The need for and cost of new, long-distance transmission lines is an important challenge facing the electricity industry in the United States. Most industry experts agree that new transmission facilities are needed to ensure that the electric grid system in the United States can support the development of new renewable energy projects and meet the future electric demands of a technologically driven economy. However, transmission enhancements are extremely expensive. For instance, the Department of Energy estimates that expanding the use of wind power will require transmission expansion costs of \$60 billion by 2030; and

Whereas, Ultimately, the costs of new transmission and who pays these costs are determined by the Federal Energy Regulatory Commission (FERC). Under the Federal Power Act, FERC has the authority to regulate interstate transmission and must ensure that transmission rates are just and reasonable. Justness is also a centerpiece of FERC's Order 890, issued in 2007, which establishes the commission's transmission cost allocation principles. Under Order 890, FERC stated that when determining who pays for new transmission, they will first consider whether the cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them. FERC also stated the intent to consider the support of state authorities and participants when approving cost allocation proposals; and

Whereas, The transmission tariff proposed by the Midwest Independent Transmission System Operator (MISO), which controls the grid in Michigan, 14 other states, and the province of Manitoba, is neither fair nor just, particularly for Michigan ratepayers. MISO's plan to allocate 100 percent of the costs of certain transmission projects designated as "Multi Value Projects" (MVP) to all customers in the MISO region does not consider the unique situation of Michigan as a peninsular state that will generally not benefit from the construction of transmission lines in other parts of the MISO region; and

Whereas, Since Michigan accounts for 20 percent of the MISO market its consumers would have to pay a fifth of the \$16 billion in transmission projects planned in the region under the FERC plan even though the state would get little to no benefit from the projects. That means Michigan citizens and businesses will have to pay an additional \$640 million annually for more than two decades even though the state will receive none of the electricity delivered by these new power lines. This will only make it harder for the state to attract and keep businesses. FERC's ruling could set an unfortunate precedent that punishes consumers around the country by abandoning the requirement that only those benefiting from transmission should pay for it; and

Whereas, In a November 7, 2010 editorial entitled "The Great Transmission Heist: The latest scheme to subsidize solar and wind power to the detriment of rate payers," the Wall Street Journal (WSJ) criticized the FERC for promoting unjust socialized cost allocation proposals. According to the WSJ, the FERC wants electricity customers to subsidize the costs of multi-billion dollar transmission lines to connect remote wind and solar projects to the nation's electric power grid. The WSJ says that Michigan will be one of the "biggest losers" under FERC's socialized cost allocation scheme; and

Whereas, Michigan ratepayers are already bearing the costs of renewable energy-related transmission. Pursuant to the Clean, Renewable, and Efficient Energy Act, enacted by Michigan lawmakers in 2008, Michigan ratepayers are responsible for the cost of transmission that is needed to deploy renewable energy projects within our state. MISO and FERC must take these costs into consideration before they layer additional transmission costs on Michigan ratepayers; and

Whereas, Since MISO's transmission tariff is not fair to Michigan ratepayers, it should not have been approved by FERC. Additionally, FERC was wrong to approve the tariff because MISO's MVP proposal is not supported by state authorities and participants across the MISO region; now, therefore, be it

Resolved by the House of Representatives, That we support the Michigan Public Service Commission's and the MISO Northeast Transmission Customers' request for clarification and application for rehearing of FERC's December 16 Order approving the Midwest Independent Transmission System Operator's cost allocation proposal to socialize transmissions costs; and be it further

Resolved, That we urge FERC to modify its December 16 Order so that Michigan ratepayers are fairly treated and only those ratepayers who benefit from transmission upgrades bear the costs of those upgrades; and be it further

Resolved, That copies of this resolution be transmitted to the Chairman of the Federal Energy Regulatory Commission, the Chairman of the Michigan Public Service Commission, the Chairman of the Midwest Independent Transmission System Operator, and the Chairman of the ITC Transco.