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Opening Statement
The Honorable Doc Hastings, Ranking Member
House Natural Resources Committee
Oversight Hearing on
"Getting Past Gridlock: Models for Renewable Energy Siting and Transmission"
November 5, 2009

Today's hearing will examine ways to integrate more renewable energies into our electricity grid. This is a very broad topic for a hearing and I'm certain a great many issues will be discussed by Committee members and today's witnesses.

I wish to focus on four primary topics:

First, the importance of upholding the long-standing principle that beneficiaries pay for the costs of a transmission project, and the fact that this principle should apply to the newly-created WAPA borrowing authority.

Second, that very careful scrutiny must be applied to what degree the need for renewable energy transmission is being driven by states, especially the State of California, that have self-imposed renewable energy standards, but also have an apparent aversion to producing that power in their own state.

Third, that it is nonsensical to believe that it is economically possible to build major transmission lines that only support intermittent renewable energy sources. Integrating renewable generation is an important, yet very complex, endeavor since the wind doesn't always blow and the sun doesn't shine all the time.

Fourth, and lastly, I want to make sure there is a clear understanding that there is a distinct difference in the borrowing authority of BPA and WAPA. While WAPA has a mandate to use its authority for renewable energy transmission, BPA has no such mandates and the region is able to prioritize to meet its needs as it determines without interference from Washington, DC.

On the principle of beneficiaries pay, this is an important principle in transmission development and pricing. It is one that must be maintained. It is not acceptable to try and spread the costs of renewable transmission projects to those who do not seek and do not benefit from these facilities. This includes the federal taxpayers. It is not the responsibility of federal taxpayers to provide guarantees to those seeking to invest in or build renewable transmission.

That's why I am specifically concerned with a hidden provision in the new \$3.2 billion WAPA borrowing authority created in the stimulus spending bill, that allows for a failed project to be bailed out by the American taxpayer. This taxpayer bailout for WAPA is highly

inappropriate and objectionable, especially because BPA and TVA ratepayers and beneficiaries repay every debt with interest.

I know many of WAPA's existing customers are concerned with how this borrowing authority is being implemented, and just as federal taxpayers should not be on the hook to bailout a failed WAPA project, neither should WAPA's traditional customers who may have no involvement in these transmission ventures. The builders and beneficiaries of the projects should fully bear the costs.

It is for this reason, that today I am introducing the "American Taxpayer and Western Area Power Administration Firm Power Customer Protection Act." This legislation will add customer protections to WAPA's borrowing authority, and it will eliminate the taxpayer bailout provisions. The bill is a re-affirmation of the "beneficiaries pay" policy that should be remembered throughout today's hearing.

On the matter of the State of California, I will be very honest and say I have some serious concerns about the distortions their policies may be causing in both energy production and transmission development. California is becoming a giant vacuum for renewable energies throughout the entire West because they fail to develop adequate resources inside their own state to meet its self-imposed 33% renewable portfolio standard. In fact, when increasing the renewable energy mandate this year, the Governor of California stopped a requirement for in-state renewable development. In 1970, California produced 62% of the energy it consumed, today it imports at least 62%. Since 2002, California has increased its import of Northwest wind power by 230%. Just this year, two wind farms in my district have been snapped up by California utilities. At the same time, there are some in the California that are proposing to fence off 1.6 million acres in the Mojave desert from generating solar energy. I find it amazing that Californians are trying to block solar power in a desert in their state and at the same time wind turbines to power California are being built in the backyards of my constituents.

According to a recent article in The Seattle Times, California's demand for more imported wind power could end up increasing rates in the Pacific Northwest. I have also heard from some of the BPA customers in the Northwest that the agency might have to reduce lower-cost hydropower generation to accommodate more wind energy that may be used in California. I've got a big problem and concern if California's self-imposed renewable energy standard is going to be turned into a national need or mandate to build new transmission lines to vacuum up renewable power from surrounding states. I'm taking a hard look at what's happening with California utilities buying up renewable energy sites in my district and state, while taking steps to block such renewable development in their own state. My constituents shouldn't pay higher energy or transmission prices because of the self interest of some Californians. It's not the responsibility of my region to produce California's renewable energy. And it's not the responsibility of the American taxpayer to finance the construction of transmission to deliver that power.

I'm proud of the renewable energy development of the Northwest and I believe renewable energy is a vital piece of the all-of-the-above approach to energy that our nation needs. We just must approach this issue with open eyes and an honest understanding of what's really happening, and not analyze it simply from an idealistic perspective. Thank you.