



## WESTERN GOVERNORS' ASSOCIATION

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March 5, 2002

The Honorable Spencer Abraham  
Secretary  
U.S. Department of Energy  
1000 Independence Ave., SW  
Washington, D.C. 20585

Dear Secretary Abraham:

We appreciate receiving the Department's February 28, 2002 letter outlining the Administration's position on the electricity provisions of Amendment No. 2917 to S 517.

Specifically, we appreciate the Administration's agreement that granting eminent domain authority to the Federal Energy Regulatory Commission for electric transmission is "off the table" for now. We are also particularly encouraged that the Administration endorses the language supported by the North American Electric Reliability Council and by Western governors on electric system reliability (Section 207).

Western governors do not support provisions that would pre-empt historic state authorities over electric power decisions. We believe that savings clauses, such as that included in the bill regarding real-time pricing (Section 241), are excellent elements of the bill, and that similar language should appear wherever state powers may be pre-empted, for example, with respect to interconnection standards (Section 205), treatment of intermittent generators (Section 209) and net metering (Section 245). Furthermore, we support consumer protection and providing consumers with information, but we are concerned that the provisions of the bill could be used to find effective state programs "inconsistent" with Federal Trade Commission rules (Section 256). The examples of pre-emption provided here are not exhaustive, and we encourage you to continue to help us identify and correct such incursions into traditional state authorities.

We would also like to clarify our views on information to enable electricity markets to work efficiently. Western governors support efforts to ensure the timely availability of information on power flows, loads, transmission, and generation where necessary for ensuring the adequacy, efficiency and reliability of the grid.

The Honorable Spencer Abraham  
March 5, 2002  
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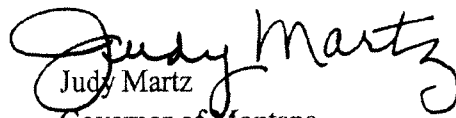
Again, we appreciate the Administration's support for the NERC/WGA reliability language. We also appreciate that you are not pursuing federal eminent domain authority for the time being. We urge you to continue working with us to address siting challenges, including those often posed by federal agency processes, without preempting current state authority. We look forward to continuing to work with you on these issues.

Sincerely,



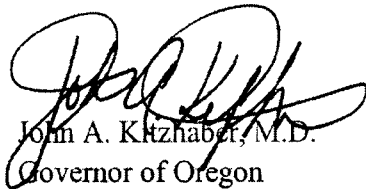
Jane Dee Hull  
Governor of Arizona

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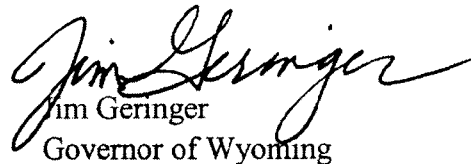
Judy Martz  
Governor of Montana

Vice Chairman



John A. Kitzhaber, M.D.  
Governor of Oregon

Lead Governor for Energy



Jim Geringer  
Governor of Wyoming

Lead Governor for Energy



## Department of Energy

Washington, DC 20585

February 28, 2002

The Honorable Jane D. Hull  
Governor of Arizona  
Phoenix, AZ 85007

Dear Governor Hull:

The Department of Energy (DOE) strongly supports enactment of electricity legislation that promotes competition, protects consumers, improves efficiency, promotes renewable energy, and enhances and improves reliability of the transmission grid.

This week, Secretary Abraham had the opportunity to meet with you and some of your Republican Western Governor colleagues to discuss energy legislation. It was agreed that a consensus between DOE and the Western Governors is both an achievable and desirable goal. To that end, we are sharing the Department's current position on two key components of the Senate Energy Bill: the Electricity Title and Electric Reliability Standards.

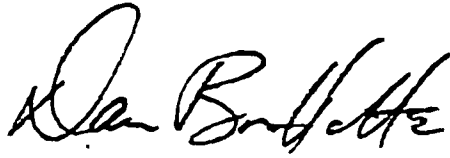
Enclosed is a summary of the Department's positions on each section of the Electricity Title of the Energy Policy Act of 2002 (Amendment No. 2917 to S.517). In several of these sections the Department has a clear position, in others we are either neutral or do not object. In all instances, your views on each section are welcome.

Regarding the Electric Reliability Standards, the Department is willing to support the reliability language advocated by the Western Governors Association in lieu of the existing text in Section 207 of the bill. The Department would support an amendment to strike Section 207 and replace it with the WGA's language (the proposed WGA language is enclosed).



The Energy Bill is currently before the Senate, and it is important for the Department to address your concerns as we work with Congress to enact the President's National Energy Plan. Please have a member of your staff contact me at (202) 586-5450 if you have any comments or concerns.

Sincerely,



Dan R. Brouillette  
Assistant Secretary  
Office of Congressional and  
Intergovernmental Affairs

Enclosures