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Paul A. Gigot  
Editorial Page Editor  
The Wall Street Journal  
4300 Route 1 North  
South Brunswick, NJ 08852

Dear Mr. Gigot:

This letter is in response to your March 15<sup>th</sup> coverage of the Senate's adoption of an amendment offered by Sen. Craig Thomas of Wyoming on electricity reliability.

The article by John Fialka misses the essential difference between the two proposals. Senator Jeff Bingaman's approach would have given the Federal Energy Regulatory Commission, which has no experience or expertise in reliability, the responsibility to set and enforce reliability standards for the three electrically distinct grids in North America. Our grid in the West spans all or parts of 14 states, Western Canada and northwest Mexico. Because of the vast distances and widely distributed population centers, our grid evolved differently than that in the East, and our reliability needs are different. The Thomas amendment recognizes the differences between the grids and, equally important, was true to the underlying principle that those who bear the consequences of reliability decisions should have a major role in setting and enforcing reliability standards.

Contrary to the article, which says power producers will set the standards in the Western Interconnection, a new institution with broad representation is being created to manage reliability. The Western Electricity Coordinating Council (WECC) will be governed by a board that includes consumers, state and provincial regulators, transmission-dependent utilities, transmission-owning utilities, producers and marketers, as well as members that are not affiliated with any interests. No group of players will be able to dictate reliability standards that benefit themselves at the expense of the public interest in a reliability secure system.

The Senate's decision also reflected the wisdom of building on 30 years of experience in maintaining the reliability of what some describe as the most complex machines ever invented. The Senate recognizes that it was imprudent to delegate this function to a federal government agency with no expertise in reliability. Instead, the amendment provided a strong role for FERC in the oversight of reliability standards and enforcement.

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Contrary to claims that the Thomas amendment conflicts with the objective of competitive electricity markets, we in the West have recognized the linkages between reliability decisions and commercial issues and have built in mechanisms to address these linkages into the new WECC.

Also contrary to the article, the need for enforceable reliability standards has been well-recognized in both the states and in industry for several years -- well before the California crisis, which was not a result of reliability problems. Since 1997, Western governors urged the adoption of federal legislation.

The vote in the Senate was not about "maverick Democrats" and Republicans. It was about bi-partisan agreement among Governors and Senators on the best way to reach the common goal of enforceable reliability standards that meet the needs of electrically distinct grids. Voting for the Thomas amendment were the Democrats chairing the Finance and Commerce Committees, as well as key Senate leaders and senior members from both parties.

We are heartened by the support of Sen. Bingaman, Chairman of the Senate Energy and Natural Resources Committee, for the regional advisory body concept that is part of the amendment that was adopted. Clearly, reliable and competitive electricity markets will require the wisdom of the states, as well as the federal government and the industry. Western Governors look forward to working with Congress, as well as FERC and the industry, to implement a new system of enforceable reliability standards that will meet our mutual goals.

Sincerely,



Jane Dee Hull  
Governor of Arizona  
Chairman