

A black and white photograph of several offshore wind turbines in the ocean. The turbines are white with three blades each, mounted on tall towers. The water is dark and choppy, and the sky is overcast. The text is overlaid on the right side of the image.

TEXAS OFFSHORE WIND ENERGY ROUNDTABLE 2012

Houston, TX September 6, 2012

Keynote Remarks of James Hoecker

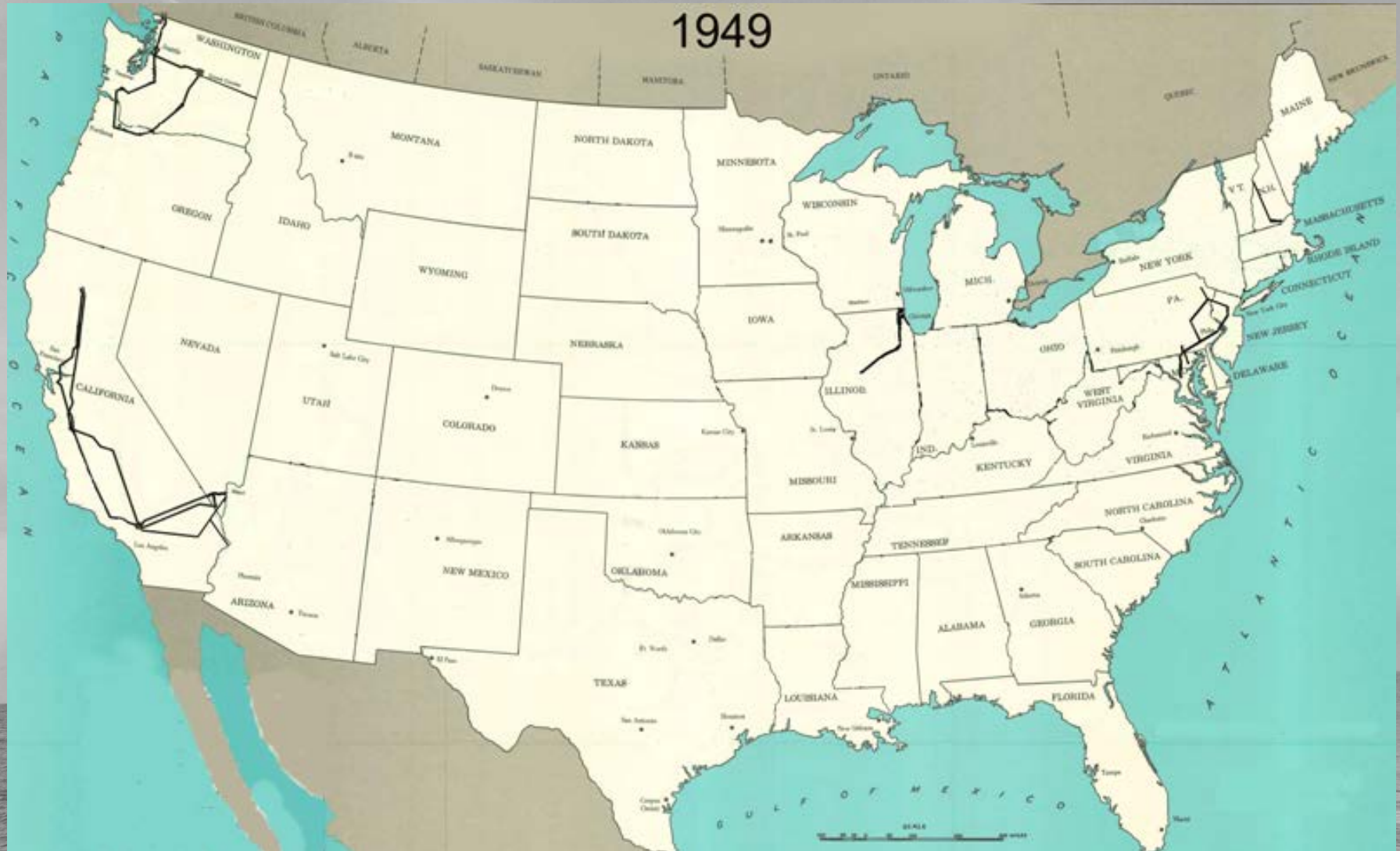
Husch Blackwell LLP

Counsel, WIRES

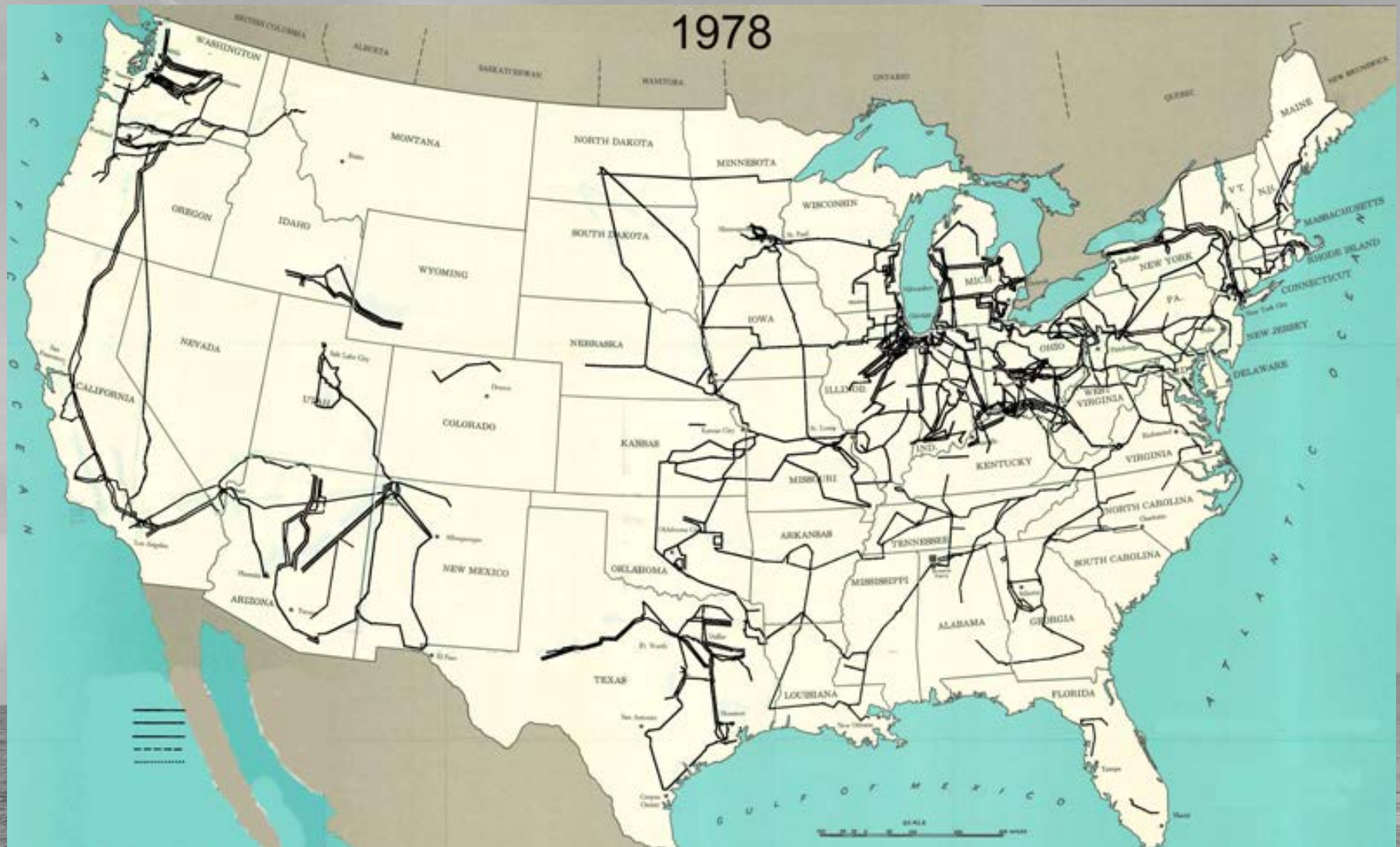
Former Chairman, Federal Energy Regulatory Commission

James.hoecker@huschblackwell.com

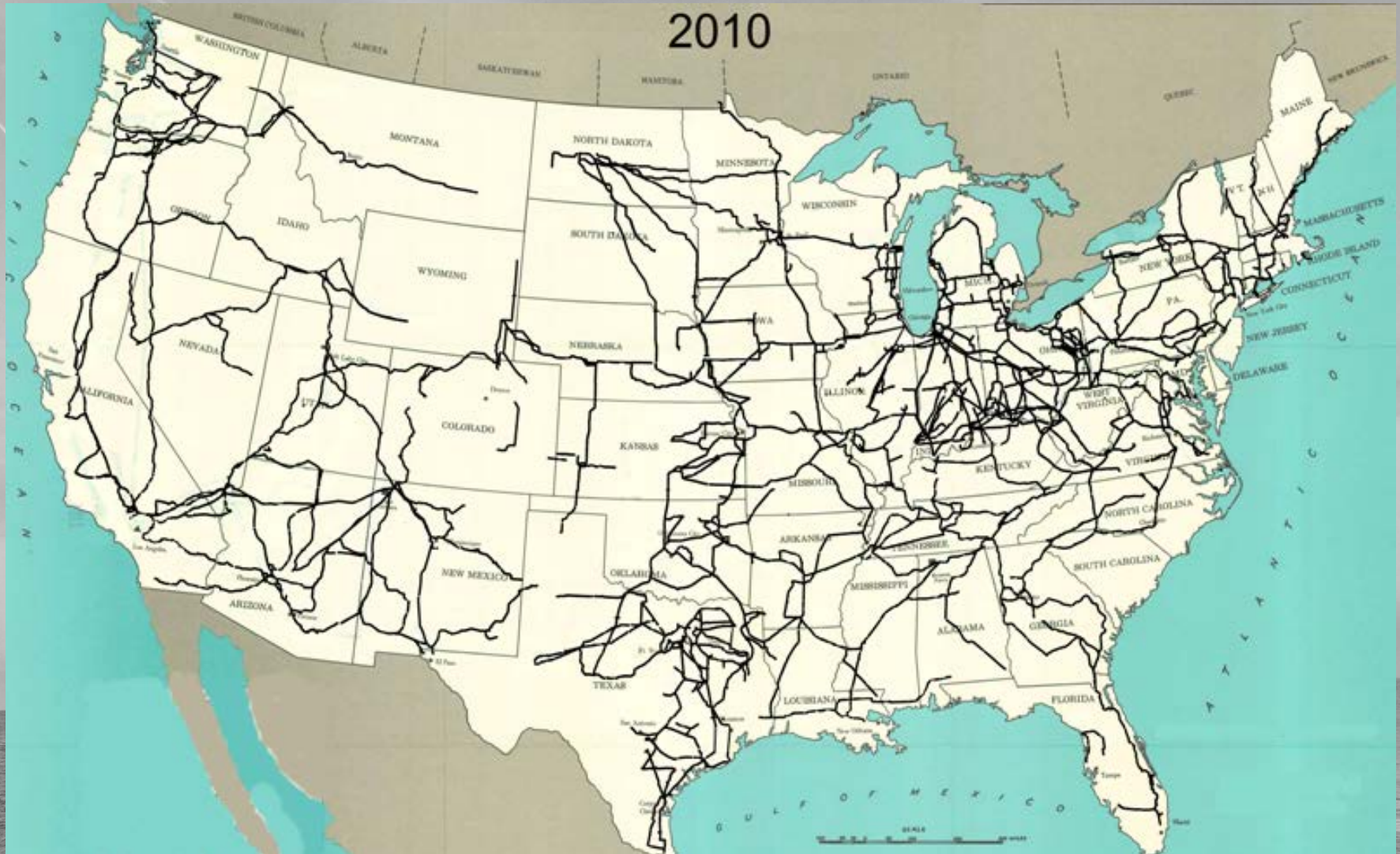
EHV Transmission Growth (300 kV +)



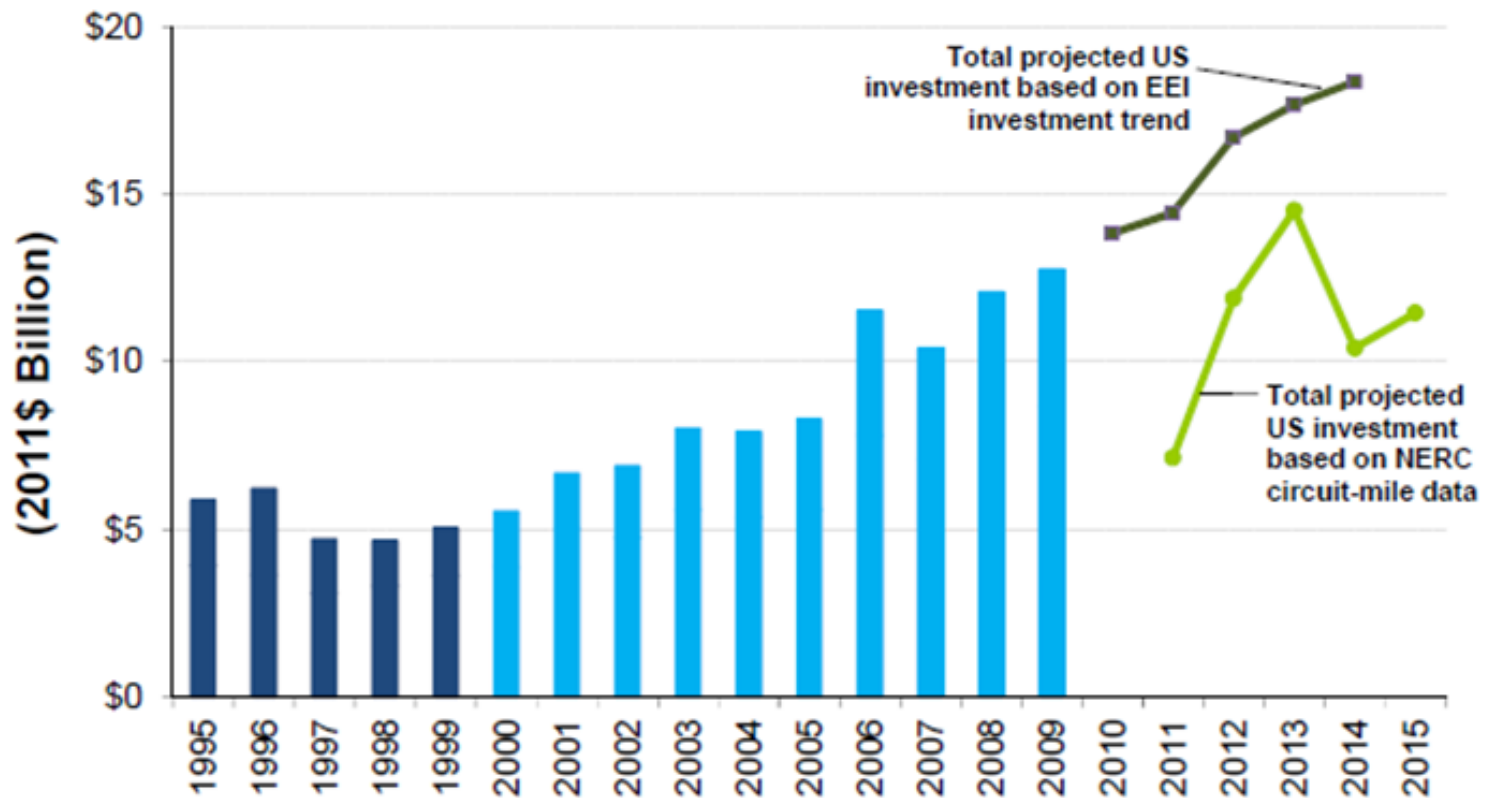
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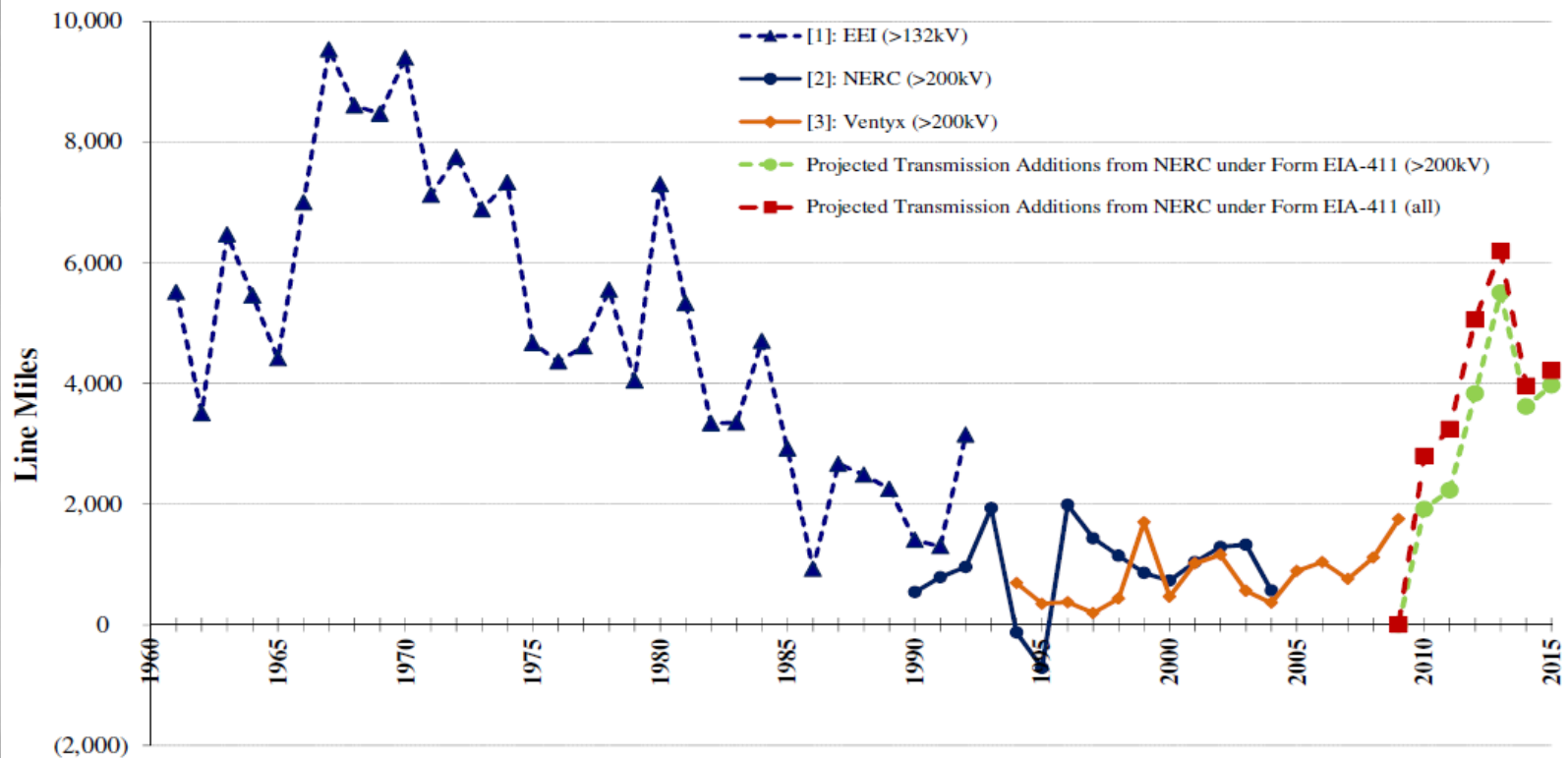
Investment Projected Through 2015



Source:

The Brattle Group, Employment and Economic Benefits of Transmission Infrastructure Investment in the U.S. and Canada, prepared by J. Pfeifenberger and D. Hou for WIRES, May 2010.

Current Investment Doesn't Measure Up



[1]: Circuit miles of overhead electric lines from EEI's Historical Statistical Yearbook. Data excludes REA cooperatives.

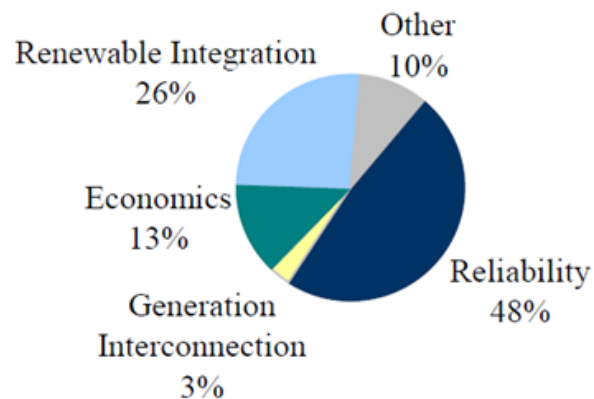
[2]: Courtesy of the North American Electric Reliability Corporation. NERC data is only available for lines 200kV and above. Note: transmission line additions are calculated as the difference in existing transmission between the current and prior year (i.e. 2003 additions = 2003 miles - 2002 miles).

[3]: Ventyx Suite.

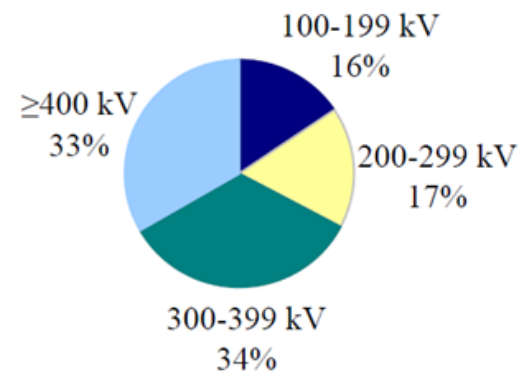
Principal Drivers Of Transmission Development

Reported Drivers of Projected Circuit-Miles of Transmission Additions
(2011-2015 as reported voluntarily to NERC and in EIA Form 411 by IOUs, coop/munis, state/federal power agencies, ISOs/RTOs, and merchant developers)

By Driver



By Voltage

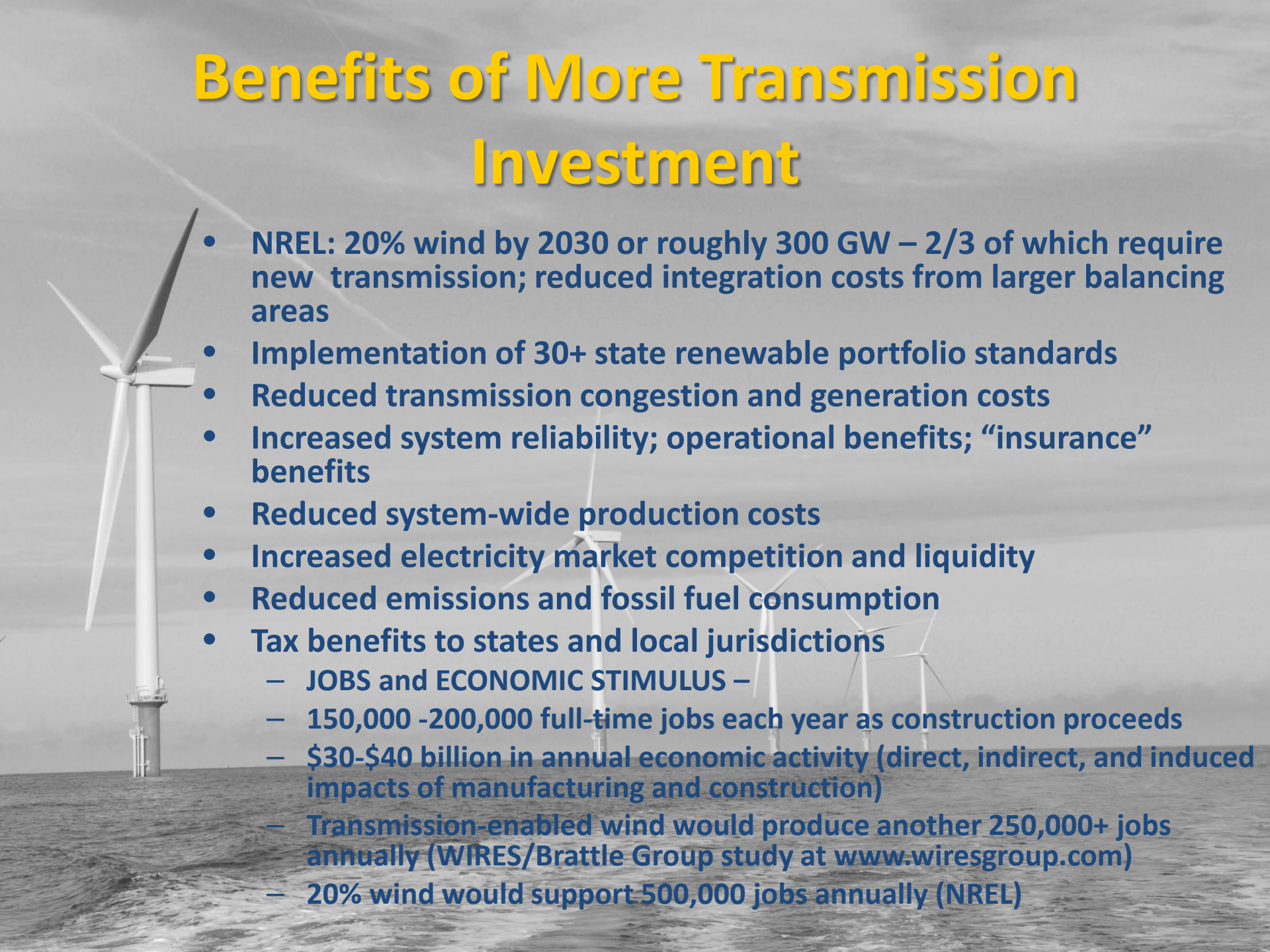


Total 2011-2015: 22,669 circuit-miles

Sources and notes:

Based on drivers as report in EIA Form 411. No adjustments have been made to projects in one category (*e.g.*, reliability) which may ultimately be built to satisfy more than one driver (*e.g.*, renewable integration).

Benefits of More Transmission Investment

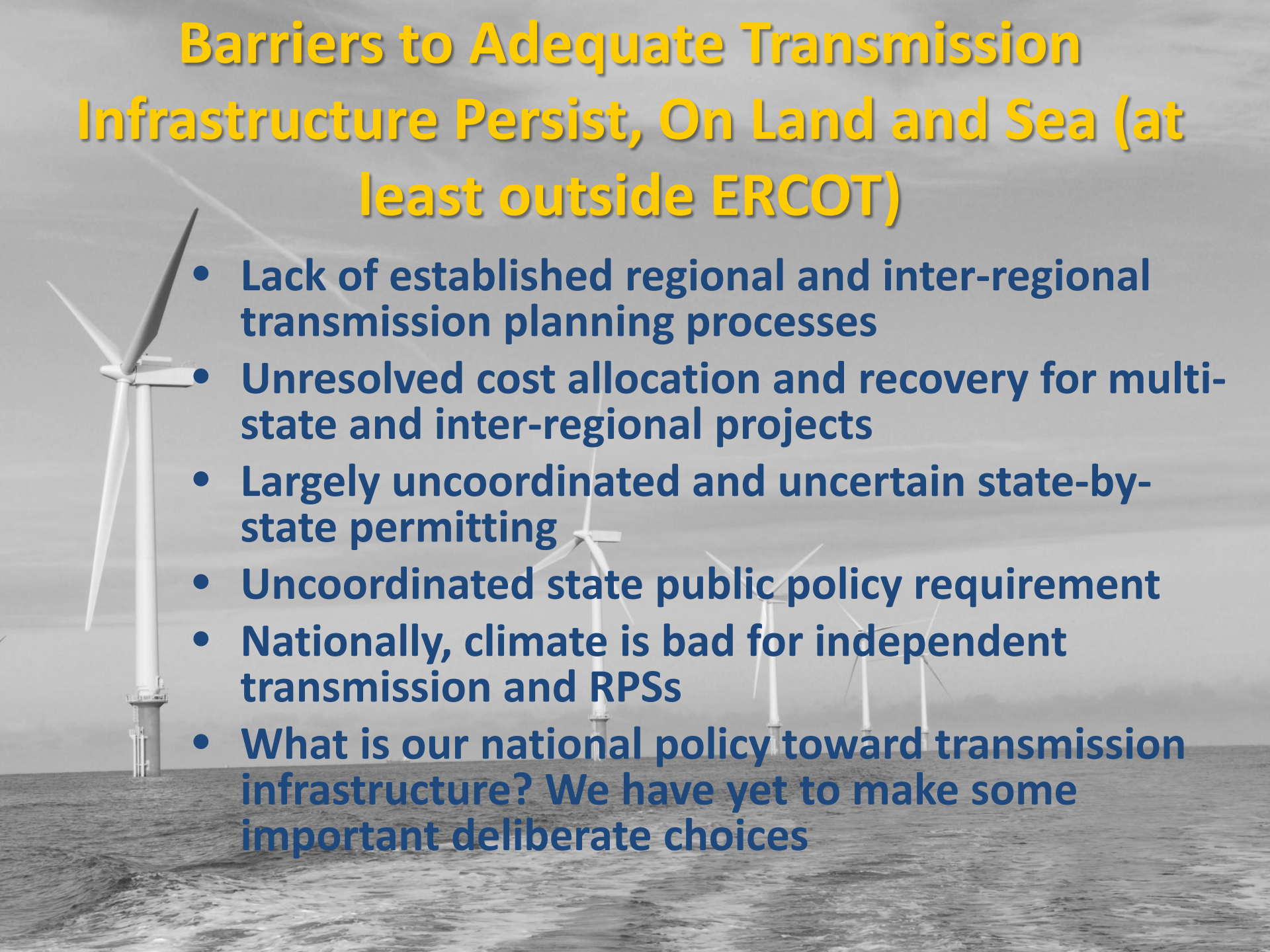
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- NREL: 20% wind by 2030 or roughly 300 GW – 2/3 of which require new transmission; reduced integration costs from larger balancing areas
 - Implementation of 30+ state renewable portfolio standards
 - Reduced transmission congestion and generation costs
 - Increased system reliability; operational benefits; “insurance” benefits
 - Reduced system-wide production costs
 - Increased electricity market competition and liquidity
 - Reduced emissions and fossil fuel consumption
 - Tax benefits to states and local jurisdictions
 - JOBS and ECONOMIC STIMULUS –
 - 150,000 -200,000 full-time jobs each year as construction proceeds
 - \$30-\$40 billion in annual economic activity (direct, indirect, and induced impacts of manufacturing and construction)
 - Transmission-enabled wind would produce another 250,000+ jobs annually (WIRES/Brattle Group study at www.wiresgroup.com)
 - 20% wind would support 500,000 jobs annually (NREL)

Transmission Policy is Not for Sissies



The Politics of Infrastructure Remain Difficult

Barriers to Adequate Transmission Infrastructure Persist, On Land and Sea (at least outside ERCOT)

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- A series of white offshore wind turbines are visible in the background, extending from the left side of the frame towards the horizon over a body of water. The sky is overcast and grey.
- **Lack of established regional and inter-regional transmission planning processes**
 - **Unresolved cost allocation and recovery for multi-state and inter-regional projects**
 - **Largely uncoordinated and uncertain state-by-state permitting**
 - **Uncoordinated state public policy requirement**
 - **Nationally, climate is bad for independent transmission and RPSs**
 - **What is our national policy toward transmission infrastructure? We have yet to make some important deliberate choices**

Presidential Campaigns are Playing Small Ball

“It’s been a long time since any U.S. politician ‘launched the country on a journey of progress so inspiring that realizing it would have to extend beyond his term in office’...That means combining immigration reform, new investments in research to push out the boundaries of science, vastly increasing the speed of our Internet, rebuilding our infrastructure and reforming the tax code. Whatever it costs, we will make it back times 10.”

-Quoted in *Thomas Friedman*, New York Times, September 1, 2012