



# AFP AMERICANCOMMITMENT























September 16, 2013

Committee on Energy and Natural Resources United States Senate 304 Dirksen Senate Building Washington, DC 20510

Dear Chairman Wyden and Ranking Member Murkowski:

We write to express our opposition to the confirmation of Ron Binz, the nominee to chair the Federal Energy Regulatory Commission (FERC). While it is normal for the President to receive the benefit of the doubt with nominations, some nominations are so troubling that they raise grave concerns. The nomination of Ronald Binz is one of these very troubling nominations.

We are very concerned that Commissioner Binz would not be constrained by Congressional-mandated boundaries, but would act to carry out President Obama's plan to make electricity prices "necessarily skyrocket." Just like in Colorado under Commissioner Binz's watch, electricity prices will increase if he is confirmed as FERC chairman, which will be a hidden tax on your constituents.

Commissioner Binz apparently believes that regulators should not merely execute the laws, but should usurp the role of the legislative branch and legislate. He has said the "problem with current regulation is the regulatory process" and therefore "regulation must become a more legislative (as opposed to judicial) process." This view is antithetical to the boundaries Congress has set for FERC. Congress created FERC to keep energy prices "just and reasonable"—not to legislate a "New Energy Economy."

Commissioner Binz gave us plenty to worry about in his previous roles as both a pro-renewables advocate and regulator, as he imposed a staunchly expansionist agenda in both cases. As head of Colorado's Office of

Consumer Counsel, Ron Binz encouraged the shutdown the Fort St. Vrain nuclear power station.<sup>4</sup> As chair of the Colorado Public Utilities Commission, Binz struck a controversial \$1.3 billion deal with Xcel Energy to shut down coal plants and convert them to natural gas. Today, Binz opposes natural gas as well, calling it a "dead end." If coal, nuclear, and natural gas—the sources that provided nearly 87 percent<sup>6</sup> of our electricity in 2012— are all "dead ends," how will Americans get affordable, reliable electricity?

Over his tenure at the Colorado PUC, electricity rates increased at twice the rate of inflation.<sup>7</sup> It was also determined that Binz violated Colorado's ethics standards and was investigated for improper communication during the drafting and passage of anti-coal legislation in Colorado. Now he threatens to bring his self-described "legislative" agenda to the national stage in ways that will affect your constituents' energy bills and jobs.

Issues that come before FERC necessarily impact the price and availability of the energy upon which so many Americans and American businesses depend. For these reasons, the FERC chair nominee deserves the full attention and scrutiny of your Committee.

In 2011, with Order No. 1000, FERC took the unprecedented action of forcing ratepayers to pay for the costs of expanding the electric grid to bring in remotely-located renewables rather than leaving well-established transmission planning processes alone. This hidden tax, implemented without Congressional authority, hits the strained energy budgets of lower- and middle-income Americans the hardest while subsidizing and creating setasides for energy companies that would otherwise fail on their own.

FERC and Commissioner Binz together are an essential piece of this administration's costly energy vision. The Obama Climate Action Plan stresses the need for new subsidies for electricity transmission to help remotely sited renewable energy compete with easy-to-site conventional generation. This administration knows that FERC is the best way to socialize those costs, to subsidize their favored energy sources, and reward their corporate cronies. As Germany is finding out, these types of policies are leading to prices for electricity that make it, as described by *Der Spiegel*, "a luxury good." Not since the time of FDR has electricity in the U.S. been considered a luxury for Americans.

FERC is also in uncharted territory when it comes to approving liquefied natural gas (LNG) facilities. The FERC approval process takes 12-18 months and costs an estimated \$100 million. To date, only one LNG export facility has received FERC approval. FERC also approves new natural gas pipelines. If Commissioner Binz is confirmed, he could make those processes even more burdensome, creating another hidden tax and threatening to dim one of the brightest spots in the economy right now, the growth in natural gas, which is lowering energy prices and spurring GDP growth.

We urge you to oppose the confirmation of Ron Binz. By taking a principled stand against the costly energy future that he represents, you will ensure that you are protecting the vital mission of FERC, which is to ensure just and reasonable rates for American energy consumers. In doing so, you are ensuring that your constituents continue to enjoy the benefits of abundant, affordable, and reliable energy.

Sincerely,

60 Plus Association
American Commitment
American Energy Alliance
American Tradition Institute
Americans for Prosperity
Caesar Rodney Institute
Competitive Enterprise Institute

Family Business Defense Council
Freedom Action
Frontiers of Freedom
Independence Institute
National Center for Public Policy Research
National Taxpayers Union
Positive Growth Alliance

#### CC:

## **Tim Johnson**

Member

US Senate Committee on Energy and Natural Resources

# Mary L. Landrieu

Member

US Senate Committee on Energy and Natural Resources

## Maria Cantwell

Member

US Senate Committee on Energy and Natural Resources

## **Bernard Sanders**

Member

US Senate Committee on Energy and Natural Resources

## **Debbie Stabenow**

Member

US Senate Committee on Energy and Natural Resources

# Mark Udall

Member

US Senate Committee on Energy and Natural Resources

## Al Franken

Member

US Senate Committee on Energy and Natural Resources

## Joe Manchin

Member

US Senate Committee on Energy and Natural Resources

# **Brian Schatz**

Member

US Senate Committee on Energy and Natural Resources

## **Martin Heinrich**

Member

US Senate Committee on Energy and Natural Resources

# **Tammy Baldwin**

Member

US Senate Committee on Energy and Natural Resources

## John Barrasso

Member

US Senate Committee on Energy and Natural Resources

## James E. Risch

Member

US Senate Committee on Energy and Natural Resources

### Mike Lee

Member

US Senate Committee on Energy and Natural Resources

## **Dean Heller**

Member

US Senate Committee on Energy and Natural Resources

# Jeff Flake

Member

US Senate Committee on Energy and Natural Resources

### **Tim Scott**

Member

US Senate Committee on Energy and Natural Resources

# Lamar Alexander

Member

US Senate Committee on Energy and Natural Resources

# **Rob Portman**

Member

US Senate Committee on Energy and Natural Resources

### John Hoeven

Member

US Senate Committee on Energy and Natural Resources

1 Amy Oliver Cook et. al., *Letter to the Editor: Ron Binz Doesn't Seem to Like Most Power Producers*, Wall Street Journal, Aug. 21, 2013, http://online.wsj.com/article/SB10001424127887323639704579017112698438816.html.

2 Ron Binz, Ron Binz's Perspective, Rocky Mountain Institute, http://www.rmi.org/ron\_binz\_perspective

3 http://www.demandresponsesmartgrid.org/Default.aspx?pageId=1538178

4 Gargi Chakrabarty, 4 questions for Ron Binz, chairman of the Colorado Public Utilities Commission, Rocky Mountain News, Feb. 3, 2007, http://rockymountainnews.com/news/2007/Feb/03/4-questions-for-ron-binz-chairman-of-the-public/

5 Darius Dixon, Sides lining up in FERC nomination fight, Politico, Aug. 21, 2013, http://www.politico.com/sto-ry/2013/08/ferc-nominee-ron-binz-95771.html

6 Energy Information Administration, *Monthly Energy Review*, http://www.eia.gov/totalenergy/data/monthly/pdf/sec7\_5.pdf.

7 Amy Oliver Cook et. al., *Letter to the Editor: Ron Binz Doesn't Seem to Like Most Power Producers*, Wall Street Journal, Aug. 21, 2013, http://online.wsj.com/article/SB10001424127887323639704579017112698438816.html.

8 Travis Fisher, FERC Order 1000: Cost Socialization for 'Green Energy', Master Resource, http://www.masterresource.org/2013/04/ferc-order-1000/

9 Michael Ranter et. al., Subject: LNG Exports Permitting Process, Congressional Research Service, June 20, 2013, http://www.energy.senate.gov/public/index.cfm/files/serve?File\_id=fb60c4c3-bff2-4fd5-b669-bf0049c4689b

10 Alyesha Rascoe, New U.S. LNG export approvals face long wait - Cheniere Energy, Nov. 13, 2013, http://www.reuters.com/article/2012/11/13/lng-exports-approvals-idUSL1E8MD7NA20121113

 $11\,\mathrm{FERC},\,\mathrm{North\,American\,LNG\,Import/Export\,Terminals},\,\mathrm{September\,12},\,2013,\,\mathrm{http://www.ferc.gov/industries/gas/indus-act/lng/lng-approved.pdf}$