

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Competitive Transmission Development  
Technical Conference**

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**Docket No. AD16-18-000**

**PRE-TECHNICAL CONFERENCE  
REMARKS OF AVANGRID**

Thank you for the opportunity to participate in Panel 3. My name is Paul Dumais and I am Director of FERC Regulation for Avangrid. Avangrid results from the merging of the former Iberdrola USA and United Illuminating. It owns electric and gas delivery companies in New England and in New York as well as extensive renewable generation facilities throughout the United States. Avangrid currently is participating in competitive transmission solicitations in New England and in New York. My remarks support the continued use of incentives to encourage the development of competitive transmission projects.

**I. REMARKS**

1. Granting of incentives by FERC has had its intended affect in New England – transmission projects that address reliability needs have been and are being built. They have eliminated congestion that was costing customers hundreds of millions of dollars per year and are resulting in a reliable transmission system that positions New England well for the future.
  
2. The need for incentives does not go away with competitive transmission processes. Developers of winning proposals will need to attract capital given the risk of transmission development. Though the base ROE must provide returns to enable the utility to maintain and support its credit and raise needed capital, risk reducing incentives and incentive ROEs

can provide added support to address risks inherent in these larger, competitively procured projects.

3. One new risk in the competitive environment results from cost containment mechanisms such as construction cost caps or fixed revenue requirements. While these cost assurances may be attractive and encouraged, they add risk to the transmission developer. While the developer may offload some of this risk to customers or to third parties, the Commission should continue to consider risk reducing incentives and incentive ROEs to address the risks and the complexity of a project, including the added risk of cost containment proposals.
4. The Commission should not make incentive ROEs conditioned on the level of the base ROE.
5. Upon a project being selected in a competitive process, a transmission developer would apply to FERC for desired incentives. FERC should not pre-determine incentives as different projects would warrant different incentives.

Respectfully submitted,



Paul A. Dumais  
Director of FERC Regulation  
AVANGRID Service Company  
89 East Avenue  
Rochester, NY 14580  
585-724-8542  
Paul.Dumais@avangrid.com

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