

## **Interview**

### **FERC Chairman Jon Wellinghoff with Pimm Fox of Bloomberg Television's "Taking Stock" July 21, 2011**

**Pimm Fox:** The Federal Energy Regulatory Commission today approving a proposal to give the country's power infrastructure a jolt. The plan creates new rules for planning and financing high voltage power lines. Joining us to talk about this move is the Chairman of the Commission, Jon Wellinghoff.

Mr. Wellinghoff, good to have you with us on Bloomberg. Explain a little bit about this new move. What is this going to do to jolt the country's transmission system?

**FERC Chairman Jon Wellinghoff:** Well, we're hoping it will create jobs and it will also spur investment, as you mentioned. What we're setting forth is a framework to allow for comprehensive planning and paying for new transmission investment in this country.

**Fox:** Now, what are the issues related to these new moves? Has to do with small operators, small generators of electricity and transmitters of electricity, and the large operators? Is that a fair issue to be looking at?

**Wellinghoff:** Well, it's fair from the standpoint of when we decide how much transmission we need in this country, we need to look at all types of operators. The smaller producers need to be accounted for as well as the larger ones as well, including the wind systems that are becoming increasingly less expensive, so we want to be able to have adequate transmission to get lower cost power to consumers. Also, larger generators need to be accommodated as well, and we believe that our rule today will do that.

**Fox:** Now, in taking into account renewable energy, are there specific challenges related to plugging those types of energy sources into our national grid?

**Wellinghoff:** Well, there are, because those resources are variable. Wind and solar are the primary resources that are being plugged into our grid. In fact, the national electric reliability company that estimates, does reliability for the country, has estimated that over the next 10 years, 60 percent of our new energy that will go into the grid will come from these variable resources. So, because of that, we need to look at reliability issues and we need to also plan for not only the integration of renewables, but the other resources like gas combustion turbines and demand side resources like energy efficiency and demand response that can help integrate the variable resources like wind and solar. So, because of the changing nature of our resource mix, we need to plan for a more robust grid to ensure reliability.

**Fox:** Now Mr. Wellinghoff, you have specific expertise in renewable portfolio standards and those are things that are set by individual states. Can you just offer people a brief explanation of how those work and how that figures into the whole transmission issue?

**Wellinghoff:** Yes, for example, Nevada, my state, put in place a renewable portfolio standard in 2001. Those standards basically require local utilities to have a certain percentage of their total resource mix from renewable energy. Nevada, for example, has the level at 25 percent. Other states like California have higher levels, at 33 percent. So, the policy that we put in place today, the rule that we set forth today, recognizes that in doing transmission planning we need to take into account these state policies to incorporate into that planning those policies so adequate amounts of transmission can be built to serve those states' needs.

**Fox:** Now, looking at the difference between transmission and storage, is it possible we're going to get some storage solutions a lot quicker into the marketplace than transmission lines?

**Wellinghoff:** I think we will get storage into the mix because in fact our rule allows for, in the planning process, the consideration of not only the transmission itself but all of the alternatives that in fact could either be a substitute for or a be complement to transmission. So storage will be one of the things that would be looked at in the planning process in the regions that will be under the rule.

**Fox:** Now one of the things that always comes up in the summertime is of course the drain on the country's electrical system and the transmission lines. Do we need more consistent policies that bridge state differences?

**Wellinghoff:** Well, we certainly need policies that allow us to break down the barriers of where there's congestion in transmission so that we can lower costs for consumers and also ensure that we can have reliability, so if one region is experiencing particularly hot weather conditions we can move power from other regions of the country to account for that, where the weather conditions might not be so severe. So it's another reason that we need to do the planning and the financing of new transmission to ensure that reliability, because of these increased weather conditions that we are experiencing.

**Fox:** All right, I want to thank you very much, Jon Wellinghoff. He is the chairman of the Federal Energy Regulatory Commission.