

FERC TECHNICAL CONFERENCE PRESENTATION
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Good morning Chairman Wellingoff, Commissioners.

Thank you for holding this technical conference today and allowing me the opportunity to offer the views of American Electric Power. My name is Lisa Barton and I am Vice President of Transmission Strategy and Business Development for AEP. We applaud the Commission and its staff for its efforts to bring industry leaders together to discuss these critical transmission and system planning issues.

Today there is a growing coalescence of support for an electric transmission system that provides for the integration of renewables, energy security, reliability, efficiency, environmental stewardship and energy independence. AEP believes that there are three key principles which should guide us in meeting these challenges:

- I. Creating an EHV interstate system which is adaptable to the nation's future needs is critical to maximizing the nation's ability to achieve its policy goals over the short and long term.
 - a. It is becoming abundantly clear that we need to break from the past. Quite simply "What got us here will not get us there".

- i. In 2008 the US took the lead from Germany in the amount of wind that was interconnected. While the US surpassed Germany, the US potential for development is 6 times as great, while its land mass is 23 times as great.
 - b. What this tells us is that to tap these resources, we must develop transmission and we must do it efficiently.
 - c. We need to maximize our opportunities to advance the development of an EHV overlay through policy decisions that govern the development of a new overlay and by advancing projects that are shovel ready. We need to encourage RTOs to approve EHV plans that are on the table. Planning processes or analyses that focus on delaying EHV projects need to be avoided.
- II. Uniform EHV transmission planning protocols and criteria are needed. Today, transmission is planned on rigid and often narrow reliability and economic criteria that vary significantly by region. The result is a line by line approach to transmission development rather than a “System based” approach. To develop an interstate transmission system, we need to apply a broad and strategic vision to EHV planning. At a high level, AEP believes the following changes need to be made
 - a. Adoption of a single, interconnection wide set of planning criteria and assumptions that can be used to develop interconnection-wide EHV plans.
 - b. The EHV interstate grid should be planned taking into account availability of renewable and other clean resources and the location of load.

- c. These interconnection-wide plans should recognize the long-term value of EHV transmission and ensure its development is executed in a manner that provides predictability for renewable developers.
- III. The efficient production, transportation and use of electric energy will be fundamental to the economic prosperity of the United States.
- a. We need to maximize the integration of renewables and ensure they are deliverable to our load centers.
 - b. We need to ensure that the EHV system is efficient and utilizes smart grid technologies to optimize its operational performance.
 - c. Finally, we need to be mindful of the future. There will invariably be technologies and generation sources available to us that are beyond those that we contemplate today. It is therefore imperative that the system we design today be adaptive and efficient to meet our future needs.

In conclusion, on average the U.S. has one of the lowest electricity costs in the world. At the same time, we have vast renewable resources currently beyond our reach. Our fragmented approach to transmission planning can be remedied through the creation of an EHV transmission system that overlays and strengthens the grid. The approach to transmission planning I have outlined can provide a strong platform to further our nation's policy objectives and grow the country's infrastructure in a timely and prudent fashion. Finally, broad-based cost support for an EHV system, while not a technical planning issue, is at the heart of what limits the scope of our technical solutions.

AEP commends the leadership role the Commission has taken with respect to transmission issues. We encourage your efforts to raise the bar and the expectations of the transmission system.

AEP believes strongly in the vision of a robust and versatile grid that will position the nation to take advantage of new generation resources, whatever they may be in the future and we encourage legislators, the Commission and other policy makers to take the necessary steps to attain these goals.

Thank you for the opportunity to speak with you here today.