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BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: :  
CONSENT MARKETS, TARIFFS AND RATES - ELECTRIC :  
CONSENT MARKETS, TARIFFS AND RATES - GAS :  
CONSENT ENERGY PROJECTS - MISCELLANEOUS :  
CONSENT ENERGY PROJECTS - CERTIFICATES :  
DISCUSSION ITEMS :  
STRUCK ITEMS :  
- - - - -x

954TH COMMISSION MEETING  
OPEN SESSION

Commission Meeting Room  
Federal Energy Regulatory  
Commission  
888 First Street, N.E.  
Washington, D.C.

Thursday, January 21, 2010  
10:05 a.m.

1 APPEARANCES:

2 COMMISSIONERS PRESENT:

3 CHAIRMAN JON WELLINGHOFF (Presiding)

4 COMMISSIONER JOHN R. NORRIS

5 COMMISSIONER MARC SPITZER

6 COMMISSIONER PHILIP MOELLER

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## P R O C E E D I N G S

(10:05 a.m.)

CHAIRMAN WELLINGHOFF: Good morning. We are going to try to get by without the lapel mike here; it doesn't seem to be working, so hopefully everybody can hear me this morning.

This is the time and place that has been noticed for the open meeting of the Federal Energy Regulatory Commission to consider the matters that have been duly posted in accordance with the Government in the Sunshine Act.

Could we please all stand for the Pledge of Allegiance.

(Pledge of Allegiance recited.)

CHAIRMAN WELLINGHOFF: Before we get moving into our agenda this morning, I would like to welcome our newest member to the Commission, Commissioner John Norris from Iowa.

John, it is a pleasure to have you here. Do you have any statement you want to make for the audience this morning?

COMMISSIONER NORRIS: I would. Thank you, very much, Mr. Chairman.

CHAIRMAN WELLINGHOFF: Go ahead, please.

COMMISSIONER NORRIS: It is a pleasure to be

1 here. I want to thank you and all the FERC staff, and  
2 Commissioner Moeller and Commissioner Spitzer for your  
3 generous welcoming spirit here my first few days at the  
4 FERC, and all the help in providing me direction and advice  
5 in getting set up at the Commission.

6 As you know, Mr. Chairman, I determined a few  
7 days ago that I didn't have time to get up to speed to  
8 participate in today's agenda on the merits. I chose to  
9 focus on getting staff hired and an office set up to build  
10 my capacity to fully participate in February.

11 So I will be voting "present" today, just to let  
12 people know that, and I look forward to working with  
13 everyone on the critical issues facing this country and the  
14 energy arena. So thank you, very much.

15 CHAIRMAN WELLINGHOFF: Thank you, John.

16 With that, Madam Secretary, if we could move to  
17 the Consent Agenda.

18 SECRETARY BOSE: Good morning, Mr. Chairman; good  
19 morning, Commissioners.

20 Since the issuance of the Government in the  
21 Sunshine Act Notice on January 14th, 2010, no items have  
22 been struck from this morning's agenda. Your Consent Agenda  
23 Items for this morning are as follows:

24 Electric Items: E-1, E-3, E-5, E-6, E-7, E-8,  
25 E-9, E-10, E-11, E-12, E-13, E-14, E-15, E-16, and E-17.

1                   Miscellaneous Items: M-1.

2                   Gas Items: G-1, G-1, and G-3.

3                   Hydro Items: H-1, H-2, and H-3.

4                   As noted by Commissioner Norris, he will be  
5 voting present on all items. We will now take a vote on  
6 this morning's Consent Agenda Items beginning with  
7 Commissioner Norris.

8                   COMMISSIONER NORRIS: Present.

9                   SECRETARY BOSE: Commissioner Moeller.

10                  COMMISSIONER MOELLER: Aye.

11                  SECRETARY BOSE: Commissioner Spitzer.

12                  COMMISSIONER SPITZER: Vote aye.

13                  SECRETARY BOSE: And Chairman Wellinghoff.

14                  CHAIRMAN WELLINGHOFF: I vote aye.

15                  SECRETARY BOSE: The first item for presentation  
16 and discussion this morning will be Item E-2 concerning  
17 credit reforms for the organized wholesale electric markets.  
18 There will be a presentation by Scott Miller from the Office  
19 of Energy Policy and Innovation. He is accompanied by  
20 Christina Hayes from the Office of the General Counsel.

21                  MR. MILLER: Good morning, Chairman and  
22 Commissioners.

23                  In this "Notice of Proposed Rulemaking," the  
24 Commission proposes a series of credit reforms for the  
25 organized wholesale electric markets--specifically the

1 jurisdictional Independent System Operator and Regional  
2 Transmission Organization markets.

3 The proposed reforms balance the need for market  
4 liquidity and appropriate risk management procedures and  
5 ensure just and reasonable rates for customers.

6 The Commission has long had an active interest in  
7 credit practices of the organized wholesale electric  
8 markets. In November 2004 the Commission issued a policy  
9 statement in which it sought to promote better credit  
10 practices.

11 More recently, in January 2009, the Commission  
12 hosted a technical conference on credit and cost of capital  
13 issues to determine how the financial market turmoil that  
14 occurred in the fall of 2008 affected markets.

15 While the organized wholesale electric markets  
16 have over time improved their credit practices, the  
17 Commission is acting today to ensure that the credit  
18 practices in place promote confidence in competitive  
19 electric wholesale markets and limit the potential for  
20 future market disruptions.

21 The Commission is seeking comment on the  
22 following proposals to require organized wholesale electric  
23 markets to revise their tariffs to:

24 Shorten the settlement cycle to no more than  
25 seven calendar days with no more than an additional seven

1 calendar days for final payment;

2 Limit unsecured credit to no more than \$50  
3 million per market participant in energy markets and  
4 eliminate unsecured credit in FTR markets;

5 Clarify the ability of market administrators to  
6 offset amounts owed to market participants against amounts  
7 owned by market participants and to manage defaults;

8 Establish minimum participation criteria for  
9 market participants;

10 Specify those circumstances in which a market  
11 administrator may invoke "material adverse change" clauses  
12 to require a market participant to post additional  
13 collateral;

14 Limit the time period for a market participant to  
15 post collateral to "cure" its credit status.

16 The Commission asks that comments be filed within  
17 60 days after publication in the Federal Register.

18 Thank you.

19 CHAIRMAN WELLINGHOFF: Thank you, Christina and  
20 Scott. I appreciate the presentation and I appreciate the  
21 team's hard work on this particular issue. I think it is a  
22 very important one.

23 As noted by staff in their presentation, the  
24 Commission has long been interested in credit policies in  
25 wholesale electric markets. We have over a decade of

1 experience in wholesale electric markets during which time  
2 we have been reviewing all aspects of these markets.

3 We have been monitoring and improving the credit  
4 practices in the organized wholesale markets to enhance  
5 efficiency and consumer protection.

6 The information provided to us by staff in this  
7 latest round of market review is an invaluable basis for our  
8 action today to propose credit reforms for the organized  
9 electric markets.

10 I thank staff for their diligence in monitoring  
11 these issues and look forward to reading the industry's  
12 comments on our proposed reforms.

13 So again, thank you.

14 Colleagues? Any comments or questions for staff?  
15 Marc?

16 COMMISSIONER SPITZER: Thank you, Mr. Chairman.

17 I want to take a moment to particular  
18 congratulate you on your leadership in bringing this  
19 forward. As was noted, we have been long interested in the  
20 credit issue and convened a specific technical conference  
21 during the travails in the financial sector in 2008-2009.

22 It is laudable and important that this sector of  
23 the economy was not as seriously affected as others during  
24 the credit crisis--specifically real estate and finance--but  
25 you have shown leadership, Mr. Chairman, in advocating that

1 we not rest on our laurels; that we review our practices;  
2 and that waiting for a crisis to occur is not the right  
3 move; instead, take preventive maintenance to ensure that we  
4 do not have a crisis and protect the ratepayers.

5 As was noted, we are interested ultimately in  
6 balancing the competing interests of liquidity and entry  
7 into the marketplace with protection of consumers who would  
8 ultimately bear the burden of the socialized risk inherent  
9 in these markets.

10 I look forward to the industry comments. It is  
11 noteworthy that we have a consensus position here, and I  
12 think that is due in large part to the team for their hard  
13 work and, again, I appreciate the Chairman's leadership on  
14 this.

15 CHAIRMAN WELLINGHOFF: Thank you very much, Marc.  
16 Phil?

17 COMMISSIONER MOELLER: Jon, I have a few  
18 questions for Scott, and perhaps Christina as well. The  
19 first being, the Chairman alluded to it, but in addition to  
20 the Policy Statement and the Technical Conference we've been  
21 doing other things over the years on this. Can you speak to  
22 a little more detail on that?

23 MR. MILLER: Yes, Commissioner.

24 Beginning with the 1996 Pro Forma Open Access  
25 Tariff, there were provisions and directions that the

1 Commission made for adequate credit provisions to be taken,  
2 in addition to which immediately after we began watching  
3 this with the defaults that occurred related to Enron and  
4 took specific interest in that and approved several  
5 modifications to tariffs after that.

6 We of course had our Policy Statement in 2004.  
7 We then were active in engaging the ISOs and RTOs in the  
8 aftermath of that Policy Statement, which spoke to specific  
9 areas we wanted the organized wholesale electric markets to  
10 focus. And then of course we had our Technical Conference.

11 During the aftermath of our Technical Conference,  
12 we engaged a number of stakeholders afterwards, as well,  
13 too.

14 COMMISSIONER MOELLER: Well, and to follow up on  
15 that, the industry hasn't exactly been silent. Even before  
16 the PowerEdge default in 2007, things were going on. It  
17 hasn't exactly been a vacuum of an issue.

18 MR. MILLER: No. No, as a matter of fact this  
19 has been an ongoing evolution, if you will. I made note of  
20 the Enron default in the early part of this decade--actually  
21 I guess it was the last decade--there was a particular  
22 default that occurred in New England that I think drove a  
23 consensus for some serious reforms in New England.

24 Most notably, New England took an early  
25 initiative to shorten the settlements timeframe to limit the

1 defaults and the effect it could have on others. And they  
2 were able to achieve, I think because they actually had a  
3 crisis, they were able to achieve some consensus.

4 We had, as I said, immediately after that there  
5 was formed an organization called the Committee of Chief  
6 Risk Officers, the CCRO, which has published a number of  
7 white papers on appropriate credit and clearing practices  
8 that should occur in the electric wholesale markets.

9 And there have been a number--and after the  
10 Policy Statement of 2004, there were a number of initiatives  
11 taken on by the ISOs and RTOs in their stakeholder  
12 processes. However, in the absence of a crisis some of  
13 these initiatives lost importance and the issue came to the  
14 fore again after everyone experienced--and I mean everyone  
15 in the entire economy--the possibilities of defaults related  
16 to the global financial crisis.

17 COMMISSIONER MOELLER: So specific to this  
18 proposal, then, what is the problem we are trying to fix?  
19 And how are we trying to fix it?

20 MR. MILLER: Well I think the main thing that  
21 we're trying to do is to make these--as we said, balance the  
22 need for market liquidity, but with appropriate risk  
23 management. And the reason for that is, as a default in  
24 these markets would be socialized, and we would want the  
25 minimum disruption to other market participants to occur

1 with better risk management procedures. And that is what  
2 this entire proposed rule is geared towards.

3 COMMISSIONER MOELLER: All right. Well we have  
4 been pretty active on this issue, and I welcome this  
5 measure. Obviously I wrote separately on the PowerEdge  
6 case a couple of times, and so this is pretty serious when  
7 consumers are at risk. And I think you're right. This is a  
8 balancing act, and I'm hoping that as the industry considers  
9 this, that all thoughts and all opinions are submitted to  
10 us.

11 Maybe in theory this could have been an Advance  
12 NOPR, but that draws things out so long that I'm glad we  
13 went this direction, Mr. Chairman, and yet we need to  
14 acknowledge the fact that RTOs and ISOs have done a lot  
15 recently to address credit issues. And we want to make sure  
16 that whatever we do here we don't disrupt current business  
17 practices that are effective.

18 So I will look forward to making sure that we  
19 follow this closely. We are obviously in the middle of this  
20 with some other issues going on on the Hill. I have one of  
21 my staffers, Jason Stannic, who did work for the CFTC, and  
22 my other advisors have been very involved in this. So we  
23 are on top of it, and I think, as Commissioner Spitzer said,  
24 Mr. Chairman, we appreciate your leadership in getting this  
25 out there for a little more prominence, even though the

1 Commission has been very active on these issues already.

2 CHAIRMAN WELLINGHOFF: Thank you, Phil. Any  
3 other discussion on this issue?

4 (No response.)

5 CHAIRMAN WELLINGHOFF: We're ready to vote, Madam  
6 Secretary.

7 SECRETARY BOSE: The vote begins with  
8 Commissioner Norris.

9 COMMISSIONER NORRIS: Present.

10 SECRETARY BOSE: Commissioner Moeller.

11 COMMISSIONER MOELLER: Aye.

12 SECRETARY BOSE: Commissioner Spitzer.

13 COMMISSIONER SPITZER: Vote aye.

14 SECRETARY BOSE: And Chairman Wellinghoff.

15 CHAIRMAN WELLINGHOFF: Vote aye.

16 SECRETARY BOSE: The next item for presentation  
17 and discussion this morning will be on Item E-4 concerning  
18 integration of variable energy resources. There will be a  
19 PowerPoint presentation on this item. The presentation will  
20 be by Aaron Bloom from the Office of Energy Policy and  
21 Innovation. He is accompanied by Timothy Duggan from the  
22 Office of the General Counsel, MK Shean from the Office of  
23 Energy Policy and Innovation, and Bob Snow from the Office  
24 of Energy Market Regulation. I'll revise that. Bob is from  
25 the Office of Electric Reliability, I'm sorry.

1                   MR. BLOOM: Good morning, Mr. Chairman and  
2                   Commissioners. We have a presentation that we will have on  
3                   the display, so I will give them a second to get that up  
4                   there.

5                   (Slide 1)

6                   Great. This Notice of Inquiry seeks comments on  
7                   the extent to which existing market rules, tariffs, or  
8                   policies present barriers to the efficient integration of  
9                   variable energy resources into the United States' electric  
10                  grid, and whether reforms are needed to eliminate those  
11                  barriers while maintaining the reliability of the  
12                  transmission system.

13                  (Slide 2)

14                  Although the number of variable energy resources  
15                  such as wind and solar is relatively small as a percentage  
16                  of total generation, the on-going development of these  
17                  resources has accelerated to where they have become a  
18                  significant component of the Nation's energy supply  
19                  portfolio. For example, in 2008 new wind generating  
20                  capacity, totaling 8,376 megawatts, made up 42 percent of  
21                  all newly installed generating capacity.

22                  (Slide 3)

23                  Moreover, in recent years a number of state  
24                  renewable portfolio standards and other incentives and/or  
25                  mandates have been passed to encourage the development of

1 renewable energy resources. As of December 30th, 2009, 30  
2 states and the District of Columbia had a renewable  
3 portfolio standard.

4 The Notice of Inquiry's preliminary view is that  
5 the efficient procurement and use of reserves is one of the  
6 most important operational issues affecting the costs of  
7 integrating the variable energy resources.

8 Addressing this issue<sup>3</sup> means examining a broad  
9 range of Commission policies and operational practices that  
10 impact the amount, type, and cost of reserves deployed to  
11 maintain reliable service.

12 Specifically, the NOI looks beyond whether more  
13 or less of an existing reserve product is needed and instead  
14 seeks to uncover whether targeted reforms in multiple areas,  
15 and on the part of multiple industry participants can unlock  
16 efficiencies that will ultimately lead to the more efficient  
17 use of reserves.

18 (Slide 4)

19 Accordingly, the draft Notice of Inquiry seeks  
20 comments on the impact of integrating variable energy  
21 resources in the following subject areas:

22 One, data and reporting requirements, including  
23 the use of accurate forecasting tools;

24 Two, scheduling practices and incentives;

25 Three, Forward market structures and reliability

1 commitment processes;

2 (Slide 5)

3 Four, balancing authority area coordination  
4 and/or consolidation;

5 Five, the efficient use of reserve products;

6 Six, capacity market reforms; and finally

7 Re-dispatch and curtailment practices.

8 This concludes staff's presentation. We are  
9 happy to answer any of your questions.

10 CHAIRMAN WELLINGHOFF: Thank you very much,  
11 Aaron, and staff. I want to thank the team for your fine  
12 work on this particular NOI. I think it is an extremely  
13 important step we're taking today.

14 As you mentioned in your presentation, in 2008  
15 there were almost 9000 megawatts of variable energy  
16 resources put onto the grid, and there was much in 2009 as  
17 well.

18 Currently there are thousands of variable energy  
19 resources, particularly wind, that are in the process of  
20 interconnecting to the electric grid. These new resources  
21 offer low operating costs and low greenhouse gas emissions,  
22 which can benefit consumers and benefit our Nation and our  
23 economy.

24 As the staff indicated, there are some  
25 operational characteristics which present challenges to

1 system operators with respect to the full integration of  
2 these resources. Therefore, it is important that the  
3 Commission examine the most efficient way to effectively  
4 integrate these resources into the electric grid while  
5 maintaining reliability and operational stability.

6 We want to examine whether existing rules,  
7 regulations, tariffs, or practices within the Commission's  
8 jurisdiction may hinder such efficient integration, and how  
9 these provisions may need to be modified to improve and  
10 enhance integration.

11 I look forward to the parties comments on the  
12 issues and questions that the NOI identifies, and to  
13 thoughtful and thorough discussion of any reforms that may  
14 be needed to remove barriers to the full integration of  
15 variable energy resources.

16 I have two questions for staff.

17 One is: As you know, I've frequently spoken  
18 about the use of demand resources and storage devices to  
19 balance the variability of variable energy resources, and I  
20 support the integration of demand resources and storage into  
21 the grid for that purpose, among others.

22 Could you please explain how the NOI provides the  
23 opportunity for commenters and the Commission to explore the  
24 use of demand resources and storage devices in reliably and  
25 efficiently integrating variable energy resources into the

1 grid?

2 MS. SHEAN: Demand response and energy storage  
3 devices are often mentioned as a well-matched solution to  
4 the challenges that we see facing the integration of  
5 variable energy resources, or VERCs, and the NOI does  
6 explicitly ask for comment on how those resources can  
7 provide reserve products that will help us maintain  
8 reliability and efficiently aid in the integration of  
9 renewables. So we specifically ask those questions.

10 CHAIRMAN WELLINGHOFF: Good.

11 MS. SHEAN: But in addition, the NOI also looks  
12 more broadly at market and operational rules and policies to  
13 ascertain whether there are other efficiencies that can be  
14 wrung from the system, not only to help integrate  
15 renewables, but to the benefit of all the industry  
16 participants, and we are seeking comments on those areas as  
17 well.

18 CHAIRMAN WELLINGHOFF: Terrific. Thank you very  
19 much.

20 The second question I have is: Some recent  
21 studies of wind integration indicate that, among other  
22 things, there is a need for additional regulation reserves  
23 to support interconnection of variable resources. How will  
24 this NOI provide for the opportunity to explore solutions to  
25 that problem?

1 MS. SHEAN: Once again, this NOI approaches this  
2 issue of the need for additional reserves from many angles.  
3 Currently we have heard and been told that the system  
4 operators have a limited toolbox, if you will, of products  
5 to use to handle the variability of load, and also now the  
6 variability of these resources.

7 They have regulation reserve, they have a load-  
8 following product, and that's pretty much the extent of the  
9 toolbox.

10 The NOI is looking, or seeking to find ways to  
11 perhaps expand that toolbox to give them additional tools  
12 with which to handle this new variable resource. We are  
13 looking and seeking comments in three major areas: data  
14 forecasting, which will begin to reduce the unpredictability  
15 of this resources, which if you have a better handle on what  
16 you're going to have happening you may need less regulation  
17 reserves.

18 Scheduling practices that are currently in place  
19 may not be the most efficient manner in which to compute the  
20 reserves we need. So we are looking at all the scheduling  
21 practices to see, once again, if we can glean some  
22 efficiencies in those practices.

23 And lastly, we are looking directly at reserve  
24 products and saying: Do we need new products? Do we need  
25 additional products? Or do we need to redefine the products

1 we currently have to give the system operators the tools  
2 they need to effectively, efficiently, and reliably operate  
3 the system?

4 CHAIRMAN WELLINGHOFF: Very good. Thank you, MK.  
5 I appreciate those responses.

6 Colleagues, any questions or comments for the  
7 team? Commissioner Spitzer.

8 COMMISSIONER SPITZER: Thank you, Mr. Chairman.  
9 I appreciate the opportunity to focus on this issue, and I  
10 will make a few comments. I will post a more detailed  
11 statement.

12 But renewable energy is obviously critical to  
13 this Nation's energy portfolio. We are approaching the 10th  
14 anniversary of the Arizona RPS, which was my first action  
15 back in Arizona. And as you've seen from the chart, the  
16 states have even taken greater interest, and this is  
17 significant.

18 There is an enormous challenge in that technology  
19 continues apace in this area. One of the challenges of  
20 government is asserting regulatory authority consistent with  
21 changes in technology.

22 One manifestation of the Notice of Inquiry is the  
23 focus on forecasting. Some of the technical materials I  
24 have read on wind forecasting suggest that improvements in  
25 technology sufficiently abate reliability concerns in some

1 instances to integrate greater quantities of wind power in  
2 areas that had not been considered appropriate in the past,  
3 but obviously we have the mandate for reliability that has  
4 to be balanced against the further wind integration.

5 To the extent we can deploy technology to have a  
6 better balance in the interest of consumers is a challenge,  
7 and this Notice of Inquiry is an important step to see that  
8 the consumers benefit from increased deployment of renewable  
9 resources and yet maintain the reliability of the grid.

10 It is important to consider what we're doing here  
11 in terms of seeking input from segments of the industry and  
12 offering them the opportunity not only to comment but really  
13 to educate the Commission on reduction of barriers to the  
14 efficiency of the grid and to the reliable integration of  
15 renewable resources.

16 At the same time, we maintain the overarching  
17 mandate under the Federal Power Act to ensure that rates are  
18 just and reasonable, and to deter undue discrimination. So  
19 in that respect it is important to focus on the reduction of  
20 barriers and not misunderstand our endeavor here as somehow  
21 creating a preference.

22 I see it as exactly consistent with protection of  
23 ratepayer interests and deterring undue discrimination. So  
24 these areas have a lot of technical challenges. The speed  
25 in which industry is deploying technologies that were not

1 even in existence a few years ago is a profound regulatory  
2 challenge, and I am excited by this NOI and the opportunity  
3 to accommodate that challenge and make it an opportunity for  
4 the ratepayers of the United States.

5 Thank you.

6 CHAIRMAN WELLINGHOFF: Thank you, Commissioner  
7 Spitzer.

8 Commissioner Moeller.

9 COMMISSIONER MOELLER: Thank you, Mr. Chairman.

10 I want to follow up a little bit the theme that  
11 Commissioner Spitzer mentioned, but also, MK, you mentioned  
12 it.

13 We have been hearing anecdotally that the  
14 industry is getting better at forecasting particularly wind,  
15 in terms of variable resources. How confident are you that  
16 those improvements are in actuality occurring, and can  
17 continue?

18 MR. BLOOM: Staff is confident that the  
19 mathematical modeling tools are in place and capable of  
20 achieving the goals that we're setting.

21 The major uncertainty that we're facing right now  
22 is--and what we're really looking at in the NOI--is whether  
23 or not data can be obtained in a timely fashion, and with  
24 the necessary granularity to the appropriate decisionmakers.  
25 So what we're really looking at in this NOI is: Is there

1 new data? And how do we make sure that data gets to the  
2 right decisionmakers?

3 COMMISSIONER MOELLER: Okay. Good.

4 And secondly, when we undertake something as  
5 significant as this, it is important that we do a fair  
6 amount of outreach ahead of time. Can you outline what has  
7 been done prior to the issuance of this?

8 MR. BLOOM: Absolutely. In preparation for the  
9 NOI, staff held numerous informal discussions over a number  
10 of months with entities across a wide spectrum of the  
11 industry, including RTOs and ISOs, some of the transmission  
12 providers, renewable resources developers, and forecasting  
13 system developers.

14 These discussions, in addition to comments we got  
15 last year at the Integrated and Renewable Resources Into the  
16 Wholesale Electric Grid Tech Conference, were all used by  
17 the staff in addition to other research out there to really  
18 formulate what we're looking at for the NOI.

19 COMMISSIONER MOELLER: Good. Well I commend you  
20 for that. I commend the team for this. This has been in  
21 the works for awhile. It's exciting to finally get it out  
22 there.

23 I will post a statement on this, and also on the  
24 credit reform subject as well, but I tend to think that this  
25 is one of the one, or two, or maybe three big trends hitting

1 the industry: How we deal with variable resources, how to  
2 integrate them. And it is having profound impacts--not  
3 unmanageable impacts--but still profound impacts on the  
4 electric industry, because our system really wasn't built or  
5 designed for variable resources.

6 And these, again, can be managed but the fact  
7 that we're talking a proactive effort to reach out and try  
8 and find the latest information, the last technology, and  
9 the approaches that allow all of those resources to come  
10 onto the grid but yet ensure that we have reliability is  
11 something that, as Commissioner Spitzer also alluded to, is  
12 government's job, to be forward-thinking and solving  
13 problems before they become crises.

14 So I am excited about this effort. I think it is  
15 going to be very, very interesting. And of course as always  
16 encourage the entire range of the industry and anyone who is  
17 interested to provide their comments and perspectives so  
18 that we can come up with solutions to move forward and  
19 capture more of our domestic renewable but variable  
20 resources.

21 Because this is becoming a challenge in just  
22 about every region of the United States, the way that wind  
23 is coming onto our system almost everywhere, and I am glad  
24 we are on top of it. I will look forward to supporting it  
25 and watching it develop.

1 CHAIRMAN WELLINGHOFF: Thank you, Phil.

2 Any other discussions or questions?

3 (No response.)

4 CHAIRMAN WELLINGHOFF: If not, I think, Madam  
5 Secretary, we are ready for the vote on E-4.

6 SECRETARY BOSE: The vote begins with  
7 Commissioner Norris.

8 COMMISSIONER NORRIS: Present.

9 SECRETARY BOSE: Commissioner Moeller.

10 COMMISSIONER MOELLER: Aye.

11 SECRETARY BOSE: Commissioner Spitzer.

12 COMMISSIONER SPITZER: Vote aye.

13 SECRETARY BOSE: And Chairman Wellinghoff.

14 CHAIRMAN WELLINGHOFF: I vote aye.

15 If there's nothing further to come before this  
16 Commission, we're--

17 COMMISSIONER MOELLER: Mr. Chairman--

18 CHAIRMAN WELLINGHOFF: Oh, I'm sorry.

19 COMMISSIONER MOELLER: --I just also want to  
20 extend a heartfelt welcome to our man from the Heartland who  
21 is joining us. We have been anticipating this for awhile.  
22 I did predict it back in November, that he would be our  
23 colleague, so I feel pretty good about that.

24 CHAIRMAN WELLINGHOFF: You didn't have any money  
25 on that, though?



1                   COMMISSIONER NORRIS: Thank you, Commissioner  
2 Spitzer. Thank you all, very much.

3                   CHAIRMAN WELLINGHOFF: With that, we are  
4 adjourned.

5                   (Whereupon, at 10:34 a.m., Thursday, January 21,  
6 2010, the 954th Open Meeting of the Commission was  
7 adjourned.)

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