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Docket Nos. RM-11-26-000

FERC Seeks Comment on Transmission Incentives Program

The Federal Energy Regulatory Commission (FERC) is seeking comment on its electric transmission incentives program.

In the Energy Policy Act of 2005, Congress directed FERC to provide incentive rates to encourage development of transmission infrastructure. In July 2006, the Commission issued Order No. 679 identifying specific incentives available to qualifying applicants, including return on equity adders, recovery of 100 percent of prudently incurred abandoned plant costs, inclusion in rate base of 100 percent of prudently incurred construction work in progress, recovery of pre-commercial operations costs, hypothetical capital structures and accelerated depreciation.

Since then, FERC has received more than 75 applications for transmission incentives associated with more than an estimated \$50 billion in proposed investments, from a variety of transmission developers. Given the significant changes in the electric industry and FERC's experience in applying Order No. 679, FERC now seeks comment regarding the scope and implementation of its incentives program.

Today's Notice of Inquiry focuses on several topics related to FERC's implementation of its transmission incentives program, such as the following:

- What factors should the Commission consider in evaluating an application for incentives?
- What obstacles are faced by transmission developers and what incentives are best suited to addressing those obstacles?
- How should the Commission consider changes in cost estimates?
- What other factors should the Commission consider in implementing the law?

Comments are due [60] days after publication in the *Federal Register*.

R-11-31

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