



May 19, 2011

Commissioner Marc Spitzer

**STATEMENT**

## Statement of Commissioner Marc Spitzer on Notice of Inquiry on Promoting Transmission Investment Through Pricing Reform

"I support the issuance of the Notice of Inquiry (NOI).

In the Energy Policy Act of 2005, Congress directed the Commission to adopt a rule to grant incentives to transmission projects to encourage investment in new transmission infrastructure. Although five years have passed since the enactment of Congressional transmission incentive authority, Section 219 of the Federal Power Act is no less significant today than when it was enacted.

Likewise, our need for new transmission has not diminished in the past five years. I continue to believe, as the NOI indicates, the nation needs investment in transmission infrastructure. In some ways our national need for transmission investment is greater today than in the past.

Thus, the NOI should not be seen as an effort to impede our obligation to satisfy Congressional directives on incentives nor to limit incentives on investment in transmission. Rather, today's NOI seeks stakeholder input on how we may implement our incentives program in future requests to more effectively meet the goals Congress established in Section 219 and to efficiently secure investment in transmission infrastructure.

As the NOI makes clear, our orders on incentives must balance the interests of consumers and the interests of investors. To foster investment in needed transmission, we must strike a fair balance between those interests. Striking that balance may result in a higher level of incentives for some projects than in the past and in some instances lower incentives than in the past. Our goal in this balancing of interests, therefore, is not to limit or cap incentives to some predetermined level. Instead, the goal of the balance is to determine what incentives are warranted consistent with Section 219 and our need to promote investment in infrastructure.

I understand that some stakeholders have criticized our incentive program for having been unreasonably generous in the incentives we have granted. Given the obligation Congress imposed on us and the continuing need for transmission, we need not apologize for our orders on incentives requests. But if we have an opportunity after several years of experience acting on incentive filings to do a better job in balancing the interests while providing some clarity to the industry on how we will grant transmission incentives, we should be highly attentive to responses to this NOI.

The NOI is designed to seek input from all interested stakeholders on how we may more effectively implement our incentive program. Those who think we have been too generous, as well as those who think we have not granted adequate levels of incentives to encourage transmission investment, should take advantage of this opportunity to inform us of their positions and what next steps they think we should take on incentives. I look forward to reviewing stakeholder comments on these important issues."