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Before the
FEDERAL ENERGY REGULATORY COMMISSION
983rd Open Commission Meeting

Thursday, July 19, 2012
Hearing room 2C
888 First Street, N.E.
Washington, D.C.

The Commission met, pursuant to notice, at 10:04
a.m., when were present:

1 APPEARANCES:

2

3 COMMISSIONERS:

4 JON WELLINGHOFF, Chairman

5 PHILIP MOELLER, Commissioner

6 JOHN NORRIS, Commissioner

7 CHERYL A. LaFLEUR, Commissioner

8 TONY CLARK, Commissioner

9 FERC STAFF:

10 KIMBERLY D. BOSE, Secretary

11 MICHAEL BARDEE, General Counsel

12 DAVID MORENOFF, Office of the General Counsel

13 JEFF WRIGHT, OEP

14 MICHAEL McLAUGHLIN, OEMR

15 JOSEPH McCLELLAND, Office of Electric Reliability

16 JAMIE SIMLER, OEPI

17 NORMAN BAY, OE

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

2 (10:04 a.m.)

3 CHAIRMAN WELLINGHOFF: If we could come to order,
4 please. Good morning. This is the time and place that has
5 been noticed for the open meeting of the Federal Energy
6 Regulatory Commission to consider the matters that have been
7 duly posted in accordance with the Government in the
8 Sunshine Act. Please join me for the Pledge of Allegiance.

9 (Pledge of Allegiance recited.)

10 CHAIRMAN WELLINGHOFF: Well since the June 21st
11 Open Meeting we have issued 59 notational orders--down from
12 93 last month. I'm not going to attribute that to Tony or
13 anybody else, but we slowed down a little bit. So we need
14 to make sure that we can keep our pace up, although we're
15 going into the summer doldrums here with the heat and
16 humidity outside. It's a little tough, I know.

17 Before we begin today, I would like to take a few
18 minutes to acknowledge the Commission's summer 2012 intern
19 class. If we could have those 56--I don't know if we've got
20 all 56 of them here--interns stand up for a moment, please.

21 (Three interns stand.)

22 (Laughter.)

23 CHAIRMAN WELLINGHOFF: Not quite 56. We've got
24 3. But you know what? That just shows that they're out
25 doing work.

26

1 (Laughter.)

2 CHAIRMAN WELLINGHOFF: They're actually so
3 dedicated to their internship work that--

4 (Applause.)

5 CHAIRMAN WELLINGHOFF: --they didn't come down
6 for the meeting. But we are delighted, though, to host the
7 56 interns. And they're from a wide range of backgrounds:
8 29 colleges and universities across 16 states.

9 That internship program is designed to provide
10 each intern with professional experience in the energy
11 industry as well as inspire them to join the rewarding ranks
12 of public service.

13 We hope to achieve these objectives through a
14 variety of professional development and networking
15 activities created to enhance their knowledge of the
16 Commission. These activities include various presentations
17 and briefings as well as mentorships carefully selected with
18 FERC employees.

19 We are proud to have such an accomplished and
20 diverse group of interns working and learning at the
21 Commission this summer. Such enthusiasm and talent will
22 lead us all into the future and continue to carry out the
23 Commission's responsibilities for years to come.

24 And I want to mention that I'm actually having a
25 pizza lunch that I am hosting with the interns today at
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1 noon, and we are going to talk about A Day in the Life of
2 the Grid. So I am looking forward to that. I already had
3 one luncheon opportunity with them, and they are a very
4 bright, accomplished group of young men and women, and I am
5 really very proud to have them here.

6 I think, Cheryl, you had one internship item?

7 COMMISSIONER LaFLEUR: Yes. Well, I certainly
8 join you in thanking all the interns. I have worked with a
9 number of them. But I wanted to give a special shout-out to
10 Nichole Businelli who has been an intern in our office this
11 summer. She is going into her senior year at Princeton in
12 Chemical Engineering and Sustainable Energy, and Nicole's
13 summer was underwritten by the Princeton In Civic Service
14 Program. She has jumped right in as a member of the team
15 and helped on any number of things. It doesn't seem
16 possible she has only been here a few weeks. So she is off
17 to Peru now with Engineers Without Borders, and we wish her
18 the best and I wanted to say "thank you."

19 CHAIRMAN WELLINGHOFF: Thank you, Cheryl. And
20 I've got one other item, but before I do that is there
21 anybody else that has any announcements? Tony?

22 COMMISSIONER CLARK: Thank you, Mr. Chairman, my
23 fellow Commissioners. As you know, my last meeting was my
24 first one, but it was about three days after I started so I
25 didn't vote for a few days as I was getting staffed up.

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1 I am now staffed up and have begun voting on
2 items as of July 1st. I would like to introduce to everyone
3 the staff that's been helping me here the last month.

4 First, my senior legal and technical advisers. I
5 brought up to work for me Robin Meinhoff, who was previously
6 at the Office of Enforcement. Robin, if you would stand up.
7 And Nick Tackett, who was formerly with OEMR. In addition,
8 from OGC Chris Kempley has joined me on detail. Chris will
9 be working for me until August 20th when I'll be bringing on
10 another legal adviser from the outside. In addition,
11 Tiffany Gray has been supporting me as confidential
12 assistant and has been on detail. Tiffany previously
13 worked, many of you know, as receptionist for Former
14 Commissioner Spitzer. And helping at the front desk has
15 been Eliza Rudd, who is a Stars Intern from here in
16 Washington, D.C.

17 So if you would, please join me in welcoming all
18 these folks.

19 (Applause.)

20 CHAIRMAN WELLINGHOFF: Thank you, Tony. Does
21 anybody else have any announcements before I do my final
22 announcement item?

23 (No response.)

24 CHAIRMAN WELLINGHOFF: Well, I would like to
25 honor somebody who I have a great deal of respect for and
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1 regard for, and that's John Carlson.

2 I want to honor him with the Chairman's Exemplar
3 of Public Service Award, which is the Commission's highest
4 award for career service employees, and recognizes federal
5 service marked by a high level of performance and
6 significant achievements.

7 John's career at FERC was a play in three acts.
8 It began in 1979 as an industry economist in the Office of
9 Pipeline and Producer Regulation. He was heavily involved
10 in implementing the Commission's natural gas pipeline
11 restructuring rule, Order No. 636, and in coordinating more
12 than 20 teams that processed 30 pipeline restructuring
13 proposals; and in implementing Order No. 637 where he
14 coordinated the analysis and review of 35 compliance
15 filings.

16 In his second act, John became involved in the
17 electric transmission development issues and policy related
18 to merchant transmission and renewable resources such as the
19 Commission's efforts regarding CAISO's redesign of its
20 electricity markets and operations.

21 Finally, John served as Deputy Director of the
22 Office of Electric Reliability where he was a key figure in
23 formulating electric reliability policies for Commission
24 consideration, providing procedural and policy advice and
25 representing the Commission on matters related to
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1 reliability of the Nation's Bulk Power System.

2 As FERC has changed over the years in its
3 responsibilities and priorities, John has responded with
4 great skill. He performed groundbreaking work on a range of
5 technically complex issues, and participated in the
6 development and implementation of numerous landmark rules,
7 policies, and procedures having significant impact on the
8 industry and the Commission itself. More importantly, he is
9 well known for showing unfailing respect and humor to all
10 members of the staff.

11 For this service, I would like to present John
12 with the Exemplar of Public Service Award. John?

13 (Applause and standing ovation.)

14 MR. CARLSON: Thank you, so much.

15 CHAIRMAN WELLINGHOFF: Thank you, John. Thank
16 you.

17 (Applause.)

18 CHAIRMAN WELLINGHOFF: Thank you, John. John
19 even wore a tie today for us.

20 (Laughter.)

21 CHAIRMAN WELLINGHOFF: So, Madam Secretary, if we
22 could move to the Consent Agenda.

23 SECRETARY BOSE: Good morning, Mr. Chairman, and
24 good morning Commissioners.

25 Since the issuance of the Sunshine Act Notice on
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1 July 12th, 2012, Items E-8 and E-19 have been struck from
2 this morning's agenda. You Consent Agenda is as follows:

3 Electric Items: E-1, E-2, E-5, E-6, E-7, E-9,
4 E-10, E-11, E-12, E-13, E-14, E-15, E-16, E-17, and E-18.

5 Miscellaneous Items: M-1.

6 Gas Items: G-1.

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

8 Certificate Items: C-1 and C-3.

9 CHAIRMAN WELLINGHOFF: Thank you, Madam
10 Secretary. I have a few comments on some of the items, and
11 some of the other Commissioners may, as well, and then we
12 will go ahead to the vote on the Consent Agenda.

13 Today we issue several orders related to whether
14 a regional planning process includes a right of first
15 refusal and its impact on transmission development projects.

16 For example, in E-11 and E-12 the Commission
17 denies requests for rehearing in the complaints filed by
18 Primary Power and Central Transmission, respectively,
19 against PJM. In those cases, we find that PJM's
20 Transmission Owners Agreement does not establish a right of
21 first refusal as to economic projects, and that nonincumbent
22 providers can seek cost recovery under PJM's tariff for
23 those projects.

24 In contrast, in E-14 *Prior vs. NIPSCO*, and E-15
25 *Excel v. American Transmission Company*, the Commission finds

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1 that MISO's Transmission Owners Agreement currently does
2 include a right of first refusal, and that a proposed
3 transmission line that connects the facilities of two
4 transmission owners will be shared equally by those owners
5 under MISO's Transmission Owners Agreement, regardless of
6 who initially proposes the line.

7 Although the complainants argued that the
8 application of a right of first refusal in MISO's planning
9 process would be inconsistent with the Commission's findings
10 in Order No. 1000 that it is not just and reasonable, we
11 note that Order No. 1000 applies prospectively upon the
12 acceptance of the parties' compliance filings which are due
13 in October of this year.

14 Additionally, in E-13 we deny a complaint brought
15 by Primary Power against PJM for selecting competing
16 projects proposed by incumbent transmission providers. In
17 that case, PJM selected the proposals to construct static
18 VAR compensators in existing substations by incumbent
19 transmission providers due to their lower cost.

20 These Orders highlight the very situation that
21 Order No. 1000 is designed to remedy. In Order No. 1000,
22 the Commission stated that it is unjust and unreasonable to
23 grant incumbent transmission providers a federal right of
24 first refusal with respect to certain transmission projects
25 because doing so may result in the failure to consider more
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1 efficient or cost-effective solutions to regional needs and,
2 in turn, result in the inclusion of higher-cost solutions in
3 the regional plan.

4 In Order No. 1000-A, the Commission further
5 stated that, quote, "expanding the universe of transmission
6 developers offering potential solutions can lead to the
7 identification and evaluation of potential solutions to
8 regional needs that are more efficient or cost-effective."

9 The Commission therefore directed elimination of
10 provisions that establish a federal right of first refusal
11 for an incumbent transmission provider with respect to
12 transmission facilities selected in a regional transmission
13 plan for purposes of cost allocation.

14 The Commission also provided further guidance in
15 the development of regional transmission planning processes.
16 We note that in Order No. 1000 the Commission required each
17 public utility transmission provider to revise its open
18 access transmission tariff to identify the information that
19 must be submitted by a prospective transmission developer in
20 support of a transmission project that it proposes in a
21 regional transmission planning process.

22 The public utility transmission provider must
23 also provide the date by which such information must be
24 submitted to be considered in a given planning cycle. Each
25 region may determine for itself what deadline is
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1 appropriate, including rolling or flexible dates to reflect
2 the iterative nature of its transmission planning process.

3 The Commission also provided flexibility to
4 regions by stating in Order No. 1000 that the public utility
5 transmission providers may--but are not required to--use
6 competitive solicitation to solicit projects or project
7 developers to meet regional needs.

8 The Commission declined to adopt suggestions to
9 mandate a competitive bidding process. The Commission
10 explained that, while it agrees that a competitive process
11 can provide benefits to consumers, it continues to allow
12 public utility transmission providers within each region to
13 determine for themselves--in consultation with
14 stakeholders--what mechanisms are most appropriate to
15 evaluate and select potential transmission solutions to meet
16 regional needs.

17 Order No. 1000 further requires public utility
18 transmission providers to implement a planning process that
19 evaluates competing projects in a way that is sufficiently
20 detailed for stakeholders to understand why a particular
21 transmission project was selected or not selected in the
22 regional transmission plan for purposes of cost allocation.

23 By requiring an open and transparent transmission
24 planning process that produces a regional transmission plan,
25 "Order No. 1000 will provide the Commission and interested
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1 parties with a record that we believe will be able to
2 highlight whether public utility transmission providers are
3 engaged in undue discrimination against others."

4 The deadline for filing Order No. 1000 compliance
5 filings is October 11, 2012. We will scrutinize those and
6 related implementation to ensure that Commission-
7 jurisdictional tariffs and agreements are just and
8 reasonable and not unduly discriminatory.

9 I want to go back to one item, and that's E-13,
10 which is the Primary Power case in PJM where there were
11 competing projects, where ultimately the projects of the
12 incumbent were selected.

13 Our Order No. 1000 requirements that eliminate a
14 ROFR under certain circumstances will not address this
15 particular problem, but it is a problem I believe the
16 Commission does need to address. That is, the problem of
17 ensuring that independent third parties can produce--can
18 propose efficient solutions to our grid problems, and in
19 doing so be rewarded in some way.

20 In this particular instance, Primary Power
21 proposed first, initially, to put a number of static VAR
22 compensators in the PJM system, which everyone agrees
23 uniformly will demonstrate measured savings in that system
24 over time. But yet, when the proposals came together in the
25 PJM planning process, it turned out the incumbents were able
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1 to put the projects in for less money because they were able
2 to put them in in their substations, which is something that
3 you would expect. But nevertheless, the idea was initially
4 Primary Power's.

5 The idea was not brought forward by the
6 incumbents. The idea was brought forward by a third party,
7 and we need to encourage those third parties in some
8 effective way to ensure that our grid system can be improved
9 and made more efficient.

10 With that, colleagues, are there any other
11 comments on the Consent Agenda items that anyone has? John.

12 COMMISSIONER NORRIS: Thank you, Mr. Chairman.

13 I wanted to make some similar comments about
14 those E-13, E-14, E-15 issues, but similar to yours. In
15 each of these three Orders, though different with respect to
16 the circumstances, they are similar in that they involve
17 entities that took the initiative to provide innovative
18 solutions to transmission needs that would address
19 congestion and/or reliability concerns. And each of these
20 resulted in the innovators losing all or part of the
21 projects they invested time and money to develop.

22 These projects would improve the grid for
23 consumers. This concerns me because of the potential
24 chilling effect it could have on entities pursuing
25 innovative solutions and advancing technological

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1 developments to build a more efficient transmission grid to
2 meet the needs of the future. And, that the RTO tariffs and
3 agreements dictated the outcomes of these Orders, but I
4 think it is important that we do highlight Order No. 1000
5 and the approaching deadline.

6 In Order No. 1000 we sought to support
7 competition and innovation in meeting our energy needs and
8 broader energy goals through the elimination of the federal
9 right of first refusal, and the establishment of planning
10 processes to identify more efficient and cost-effective
11 solutions to our transmission needs.

12 So I just want to say, I remain committed to the
13 elimination of the federal right of first refusal and
14 believe that we will accomplish that goal by closely
15 monitoring the compliance on Order No. 1000. But I also
16 note, as the Chairman noted, there may be other issues
17 regarding competition beyond what will be addressed in Order
18 No. 1000. And as we see how those compliance filings
19 develop, we will have to assess if further action is needed
20 to attract competition and innovative solutions to meet
21 consumer needs and build a more efficient energy system.

22 CHAIRMAN WELLINGHOFF: Thank you, John. Anyone
23 else? Cheryl?

24 COMMISSIONER LaFLEUR: I just also wanted to
25 chime in on the same topic. I think I've often commented
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1 that the United States needs more transmission for
2 reliability to connect new resources to make markets work
3 better.

4 So viewed in the broadest perspective, the fact
5 that so many different parties--traditionally vertically
6 integrated utilities, incumbents operating outside their
7 service area, and new entrants--are competing to build
8 transmission--viewed in the glass half-full, it's a good
9 development for customers that there's so much money coming
10 in and fighting for transmission.

11 A large number of the cases we have on the docket
12 today, all of these ones that have been discussed related to
13 the right of first refusal and also E-4 that we're going to
14 get to in a few minutes, relate in some ways to how we're
15 going to reconcile different forms of transmission
16 ownership.

17 And I think that the competition to build
18 transmission brings with it a lot of legal and regulatory
19 complexity that we will be working through for awhile to
20 figure out what's best for customers.

21 I think the cases we are voting out on the right
22 of first refusal illustrate the complexity of weighing one
23 proposal against each other, and interpreting tariffs, and
24 more than anything else they highlight the critical
25 importance--they always say the devil's in the details--of
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1 what's going to be filed on Order No. 1000, and the work
2 that is being done right now around the country by
3 transmission planners to develop fair regional processes to
4 choose the best projects for customers.

5 So I think we're going to have our work cut out
6 for us, but we appreciate all the work that's going on to
7 make those processes better.

8 Thank you.

9 CHAIRMAN WELLINGHOFF: Thank you, Cheryl. Anyone
10 else? Tony, you have anything?

11 (No response.)

12 CHAIRMAN WELLINGHOFF: All right, Madam
13 Secretary, I think we're ready for the Consent Agenda vote,
14 please.

15 SECRETARY BOSE: As required by law, Commissioner
16 Clark is not participating in Consent Items E-1, E-2, and
17 E-14.

18 As to E-1, Commissioner Moeller is dissenting in
19 part, with a separate statement. As to E-2, Commissioner
20 Moeller is dissenting in part, with a separate statement.

21 The vote begins with Commissioner Clark.

22 COMMISSIONER CLARK: I vote aye, noting my
23 recusals in Items E-1, E-2, and E-14.

24 SECRETARY BOSE: Commissioner LaFleur.

25 COMMISSIONER LaFLEUR: I vote aye.

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1 SECRETARY BOSE: Commissioner Norris.

2 COMMISSIONER NORRIS: Aye.

3 SECRETARY BOSE: Commissioner Moeller.N

4 COMMISSIONER MOELLER: Noting my partial dissent
5 in E-1 and E-2, I vote aye.

6 SECRETARY BOSE: Chairman Wellinghoff.

7 CHAIRMAN WELLINGHOFF: I vote aye.

8 If we could now please move to the Discussion
9 Agenda.

10 SECRETARY BOSE: The Presentation and Discussion
11 Item for this morning is E-4 concerning matters in Docket
12 No. AD12-9-000, and AD11-11-000. There will be a
13 presentation by Becky Robinson from the Office of Energy
14 Policy and Innovation. She is accompanied by Andrew
15 Weinstein from the Office of General Counsel.

16 MS. ROBINSON: Good morning, Mr. Chairman, and
17 Commissioners:

18 E-4 is a draft Proposed Policy Statement on the
19 Allocation of Capacity on New Merchant Transmission Projects
20 and New cost-Based Participant-Funded Transmission Projects.
21 In addition to those of us seated at the table, other key
22 members of the team are here, including Brian Bak from OEPI
23 and Jennifer Deal from OEMR.

24 The Commission's policies regarding the
25 allocation of capacity on merchant and other nontraditional
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1 transmission projects have evolved in recent years. In its
2 evaluation of those projects, the Commission has sought to
3 provide potential customers adequately opportunities to
4 obtain transmission service in a manner consistent with open
5 access principles, while also providing transmission
6 developers adequate certainty to assist with financing their
7 projects.

8 For merchant transmission projects, for example,
9 the Commission has allowed developers to solicit interest
10 through bilateral negotiations for a portion of their
11 projects' capacity, requiring the remainder of the available
12 capacity to be offered through an open season.

13 Under this policy, the Commission has granted
14 individual requests to allocate up to 75 percent of a
15 project's capacity to such anchor customers.

16 The Commission held a technical conference in
17 March 2011 and a workshop in February 2012 to gather input
18 regarding the Commission's policies governing capacity
19 allocation on these types of new transmission projects.

20 Based on the input received and the Commission's
21 own experience evaluating new merchant transmission
22 projects, the draft proposed policy statement clarifies and
23 refines the Commission's capacity allocation policies in a
24 manner that offers developers the ability to bilaterally
25 negotiate directly with potential customers, while ensuring
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1 transparency in the capacity allocation process.

2 Under the proposed capacity allocation policy, a
3 developer of a new merchant transmission project or a new
4 nonincumbent, cost-based, participant-funded transmission
5 project would be authorized to allocate up to 100 percent of
6 the project's capacity through bilateral negotiations if the
7 developer broadly solicits interest in the project from
8 potential customers and submits to the Commission a report
9 describing the developer's approach for allocating capacity.

10 The flexibility proposed under this policy is
11 complemented by the emphasis on additional detail in reports
12 describing the developer's capacity allocation approach.
13 The draft proposed policy statement describes guidelines for
14 a broad solicitation of interest and identifies the type of
15 information that should be included in such a report, such
16 as the criteria used for distinguishing customers and an
17 explanation of decisions on customer selection.

18 Under the proposed policy statement, the
19 Commission would continue its case-by-case approach for
20 reviewing requests by incumbent transmission providers for
21 cost-based participant-funded transmission projects because
22 an incumbent transmission developer's OATT processes will in
23 most instances be sufficient to allocate capacity on new
24 transmission facilities.

25 Nevertheless, the Commission would continue to
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1 entertain on a case-by-case basis requests for waiver of any
2 OATT requirements that may be needed for innovative
3 transmission development that is just, reasonable, and not
4 unduly discriminatory.

5 The proposed policy statement provides an
6 opportunity for interested parties to provide comments on
7 these proposals. Comments would be due in 60 days.

8 This concludes our presentation, and we are happy
9 to take any questions you may have.

10 CHAIRMAN WELLINGHOFF: Thank you, Becky, and
11 Andrew, and I want to thank the whole team for their work on
12 this I think very important particular policy.

13 I do have a question, though. In addition to the
14 proposed wide notice and detailed reporting safeguards that
15 you mentioned, could you explain the key difference between
16 an open season under our current policy and an open
17 solicitation as is proposed in this policy?

18 MS. ROBINSON: Sure. Thanks, Commissioner
19 Wellinghoff--Chairman Wellinghoff, sorry.

20 Sure. The difference between an open season and
21 an open solicitation, the open season, after negotiations
22 with anchor customers, the open season would offer the same
23 terms and conditions to others who might be interested in
24 the project.

25 An open solicitation, by contrast, because of the
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1 ability to negotiate individually with all the customers,
2 could arrive at different terms and conditions across
3 customers to meet different customers' varying needs, as
4 long as those terms and conditions are nondiscriminatory and
5 not preferential.

6 CHAIRMAN WELLINGHOFF: Great. Thank you, Becky.

7 The past several years have seen significant
8 changes in the business models of developers or transmission
9 projects with the evolution of merchant project developers
10 and nonincumbent developers of cost-based participant-funded
11 projects.

12 These new entrants hope to offer potential
13 customers cost-effective service that is an alternative to
14 that offered by incumbent transmission owners or new service
15 not offered by incumbents.

16 I believe the policy we proposed today to be
17 another step in furthering the Commission's policy of
18 providing fair and open access to transmission service for
19 customers and competitive generators who seek opportunities
20 to participate in wholesale electric markets.

21 I note that these projects will coordinate at
22 several possible points with the regional transmission
23 planning processes established by Order Nos. 890 and 1000.
24 For example, the need for a particular project may be
25 identified initially in the regional planning process.

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1 Although developers of merchant or cost-based
2 participant-funded projects wish to recover their costs from
3 individual potential customers through bilateral negotiated
4 agreements rather than seeking regional cost allocation,
5 they would nevertheless coordinate and share information
6 with the regional planning process.

7 When developed, such projects would be reflected
8 in the topography and the operation of the transmission
9 system for future regional planning, even though they did
10 not seek regional or interregional cost allocation.

11 I think this proposal finds the appropriate
12 balance between the flexibility to negotiate rates, terms,
13 and amount of capacity potential customers want, which many
14 developers told us they needed to secure financing, with new
15 safeguards to ensure that these rates are not unduly
16 discriminatory or preferential and are just and reasonable.

17 I look forward to the comments on this proposal,
18 and for voting for this proposal.

19 Colleagues? Phil?

20 COMMISSIONER MOELLER: I will post a statement
21 and save you the horror of listening to my voice.

22 (Laughter.)

23 CHAIRMAN WELLINGHOFF: Thank you, Phil.

24 COMMISSIONER NORRIS: I'd be happy to speak for
25 you.

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1 (Laughter.)

2 CHAIRMAN WELLINGHOFF: John.

3 COMMISSIONER NORRIS: Thanks. The issues
4 surrounding merchant transmission, I believe, and
5 participant-funded transmission projects have been building
6 for some time. So I am pleased. Thanks to the team for
7 your work on this. I am pleased that we are taking action
8 today with this proposed more streamlined policy that should
9 provide greater opportunity for the development of
10 transmission lines and generation projects that are seeking
11 to build and will be needed for our future energy needs.

12 In the end, I believe that the new policies we
13 propose here will help provide diversity in electricity
14 supply, and increase competition through competitively
15 priced generation, while also maintaining the extremely
16 important principle of open access.

17 I view this proposed policy as a supplement to
18 Order No. 1000. I expect the difficult work of complying
19 with Order No. 1000 will lead to regional planning processes
20 that will identify cost-effective and efficient solutions to
21 most transmission needs, and fairly allocate the costs of
22 those project.

23 But regardless, there may be projects that do not
24 come out of those processes that have customers willing to
25 make a long-term commitment to aid their construction. This
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1 proposed policy statement I think provides a roadmap for
2 those projects to move forward while ensuring the just and
3 reasonable rates and nondiscriminatory open access.

4 One concern I do have is what I attribute to
5 Former Governor, Wyoming Governor Freudenphal who best
6 described this as the spaghetti lines issue. That is, I
7 recognize there is a limit to how many transmission lines
8 can be built, and it is important that we maximize the
9 utilization of the land that is displaced and the people
10 impacted by the construction of transmission lines.

11 I believe we have addressed that issue in this
12 proposed policy statement through the requirements for
13 greater transparency, especially the provisions addressing
14 oversubscription and the requirement that transmission
15 developers provide a rationale for not increasing capacity
16 when a project is oversubscribed.

17 I will be paying close attention to the comments
18 that come in on this proposed policy because I, as I
19 mentioned before, my concern is that we get these lines
20 right the first time because it's very difficult to build
21 more lines in the same area.

22 So thank you again, team, for your work on this
23 and I look forward to comments and moving forward with this
24 as another way to meet our future energy needs.

25 CHAIRMAN WELLINGHOFF: Thank you, John. Cheryl?
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1 COMMISSIONER LaFLEUR: Well I attended the
2 workshop on this this spring, and it was pretty clear that
3 there wasn't a single silver bullet to solve all the
4 problems of reconciling different forms of ownership.

5 But I think the staff has done a good job
6 proposing to build more flexibility into our policies while
7 still retaining the concept of open and competitive
8 solicitation.

9 In order to meet the needs for transmission
10 structure, I think our policies have to be flexible enough
11 to accommodate merchant-funded transmission, regionally
12 funded transmission to meet regional needs, and on a case by
13 case basis participant-funded when it's only a subset of
14 customers that need the transmission.

15 I agree with Commissioner Norris that we would
16 like to see more come through the regional planning process,
17 because you know it will have a regional vetting, but I
18 think the flexibility that this policy allows can
19 accommodate different types of projects.

20 I know we're getting into the dog days of summer
21 here, but I do hope that we get a wide range of responses.
22 We don't put that many draft policy statements out, so it is
23 a chance for the people who will be from different types of
24 sectors of the transmission world, and the regulatory
25 community, and the customer community, to comment.

26

1 Thank you.

2 CHAIRMAN WELLINGHOFF: Thank you, Cheryl. Tony?

3 COMMISSIONER CLARK: Just thanks to the team for
4 your work. It's an intriguing and important topic and I
5 look forward to the comments that we will be receiving in
6 the docket.

7 CHAIRMAN WELLINGHOFF: Thank you, Tony.

8 Thank you again, team.

9 Madam Secretary, I believe we're ready for the
10 vote.

11 SECRETARY BOSE: The vote begins with
12 Commissioner Clark.

13 COMMISSIONER CLARK: Aye.

14 SECRETARY BOSE: Commissioner LaFleur.

15 COMMISSIONER LaFLEUR: I vote aye.

16 SECRETARY BOSE: Commissioner Norris.

17 COMMISSIONER NORRIS: Aye.

18 SECRETARY BOSE: Commissioner Moeller.

19 COMMISSIONER MOELLER: Aye.

20 SECRETARY BOSE: And Chairman Wellinghoff.

21 CHAIRMAN WELLINGHOFF: I vote aye.

22 If there's nothing further to come before this
23 Commission, this meeting is adjourned.

24 (Whereupon, at 10:34 a.m., Thursday, July 19,
25 2012, the 983rd Commission meeting was adjourned.)