



June 22, 2016

Commissioner Cheryl A. LaFleur

STATEMENT

Statement of Commissioner Cheryl A. LaFleur regarding Competitive Transmission Development Technical Conference

"In advance of next week's [technical conference](#) on competitive transmission development (Docket No. AD16-18-000), and given the scope of the agenda, I would like to offer some thoughts on my priorities and goals for the conference. The Commission, transmission planning regions, industry, and stakeholders have dedicated a tremendous amount of time over the past several years to the development of improved regional planning and interregional coordination processes under Order No. 1000. A key element of that effort is the introduction of competition into the transmission planning process. I am pleased that the Commission is convening a technical conference to review issues that have arisen in the competitive processes so far and consider what steps might be needed to unlock their value going forward.

"To date, where meaningful competition has occurred, we have seen a proliferation of innovative proposals, including alternative project designs and cost caps that limit customers' exposure to cost overruns. These proposals highlight the competitive processes' potential to identify more efficient or cost-effective transmission solutions for customers. However, in some instances, participants have raised concerns regarding the regions' ability to transparently and objectively evaluate dissimilar proposals. Given the importance of competition to the Order No. 1000 reforms, it is essential that the Commission, the regions responsible for reviewing proposals, and developers that submit proposals all understand and have confidence in the evaluation and selection process. I am interested in hearing from the panelists about their experiences so far, and their thoughts on how we can improve those processes. In addition, I welcome panelists' views on whether design choices that limit competition are impacting the robustness of regional planning, and, if so, how the Commission should address those issues.

"Competition has also presented a host of ratemaking issues, as developers have sought regulatory approvals, formula rates, and incentives to facilitate their participation in the competitive processes. To date, the Commission has dealt with these issues on a case-by-case basis. I am interested in comments on whether the Commission should address any of the ratemaking and incentive issues on a generic basis through a policy statement, rulemaking, or some other means. I also hope to address how to harmonize requests for incentives, particularly regarding return on equity, with competitive proposals that include cost caps or other limits on a developer's ability to recover costs.

"Beyond potential reforms of the competitive processes and Commission ratemaking, I look forward to hearing input on the state of transmission development in the country. Order No. 1000 was intended, through a variety of reforms targeting regional transmission planning, cost allocation, and competition, to lead to the identification and construction of better transmission projects to meet reliability, economic, and public policy needs. As the nation's resource mix continues to change, and both state and federal policies incentivize a less carbon-intensive fleet, it is absolutely essential that the grid evolve to reliably and cost-effectively incorporate those new resources. I hope to discuss whether our current transmission planning processes are sufficient to accomplish that goal. From my perspective, it would be particularly useful for panelists to identify improvements that might be achieved in the near term under existing Commission authority, in addition to any suggested improvements that might require more expansive and lengthy Commission action in the future.

"I appreciate all the comments we have received in advance of the technical conference, and look forward to an interesting discussion next week."