Federal Energy Regulatory Commission
September 20, 2007
Open Commission Meeting
Statement of
Commissioner Jon Wellinghoff

Establishment of the Energy Innovations Sector within the Commission's Staff

"The energy crisis our country faces requires that every effort be expended to develop renewable supplies, maximize energy efficiency and broaden demand response programs. When I came to the Commission a little more than a year ago, I set out an agenda that focused on opening access to the wholesale electric markets on a non-discriminatory basis to demand resources, energy efficiency, renewables and distributed generation. I view these and other advanced technologies relevant to efficient operation of the grid and wholesale markets as offering significant potential to impact costs to consumers and enhance the efficient functioning of wholesale markets. Since joining the Commission, I have made these issues my highest priority.

Early on, the need for expertise on the Commission staff to track the policy and regulatory issues associated with these resources and help the Commission to harness their potential in transmission service and wholesale markets was evident. I believe this to be consistent with meeting Federal Power Act and EPAct 2005 mandates. Our work together in recent months has revealed that demand resources and renewables can play a role in most of the functions within our purview, including market operations, reliability, open access transmission, and wholesale market design. I thank you, Mr. Chairman, and fellow Commissioners Kelly, Spitzer and Moeller, and their staffs, for the collaborative effort over the past year as we incorporated provisions for demand resources and renewables into the orders we have issued.

Even though we have had considerable success in these areas, the time was ripe for the Commission to dedicate resources to perform independent assessments of issues related to demand response, energy efficiency, distributed generation, and renewable resources. A dedicated and knowledgeable staff will be beneficial to all participants and other interested parties involved in matters under our jurisdiction. I appreciate the leadership of the Chairman, and thank him and the senior staff for addressing these needs through an innovative staffing approach: a core of experts who will coordinate with staffers dedicated from each of the Rates and Reliability divisions and the Offices of General Counsel, Enforcement, Energy Projects, and External Affairs.

The Energy Innovations Sector will provide the technical knowledge that will allow the Commission's staff to analyze the various matters that come to the Commission for effects and implications for demand resources, energy efficiency, distributed generation and renewables. They will also operate as in-house technical adviser to the Commission in identifying and addressing issues related to the integration of these resources into wholesale markets, reliability, transmission planning, and resource adequacy.

In many ways, the purpose of the Sector is to go where no one else has gone before. They will be asked to:

- Review and integrate demand resources, energy efficiency, distributed generation

and renewables in all aspects of the design, operation, rates/pricing and planning of electric markets, transmission infrastructure and natural gas transmission. (through participation in docketed case work as experts, rulemakings, technical conferences, and outreach to Congress, industry and states).

- Monitor implementation of reliability standards and regional transmission planning to ensure they accommodate energy sector innovations.

- Identify and coordinate opportunities to implement best practices across regions, recognizing regional differences.

- Lead the staff's participation in the effort to implement protocols for measuring, verifying, and forecasting the performance of demand resources.

- Monitor emerging technologies related to planning and operation of economic and efficient grid and markets and assess potential impacts/benefits, and advise the Commission on regulatory issues related to development.

- Be a liaison on issues relevant to energy sector innovations, including, for example, state clean energy initiatives, state renewable portfolio standards development, and implementation of emissions credits and trading, greenhouse gas emissions issues, Carbon Tracking/ Renewable Credit Tracking and climate change initiatives.

In addition, I am personally interested in other issues related to my long-standing priorities, such as storage for improved electric system efficiency and the smart grid, on which I may seek to draw upon the Sector's expertise.

In closing, I think it is particularly fitting that on the anniversary of my first Commission Open Meeting, we are able to announce the institution of this new expertise and responsibility within the Commission's staff. I look forward to working closely with the Sector and welcome the new staff members to the challenge."

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