



May 19, 2011

Commissioner Philip D. Moeller

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket Nos. RM11-26-000

Item No. E-9

## Statement of Commissioner Philip D. Moeller on Notice of Inquiry on Promoting Transmission Investment Through Pricing Reform

"Because regulatory certainty is critically important to those who invest in our nation's infrastructure, this Commission should ensure that if it decides to make changes to its incentive policies, it does so only prospectively. The law explicitly requires this Commission to "provide a return on equity that attracts new investment in transmission facilities" and to "provide for incentives to each ... utility that joins a Transmission Organization."<sup>1</sup> These directives from Congress would be frustrated were this Commission to increase regulatory uncertainty by changing long-held investor expectations.

As I have repeatedly stressed, this nation should have policies that encourage needed investment in transmission projects.<sup>2</sup> The new construction of transmission lines is often the lowest-cost way to improve the delivery of electricity service. By building needed transmission, our electrical service can maintain reliability at levels that are the envy of the world, while simultaneously improving consumer access to lower cost power generation - all while permitting more efficient and cost-effective renewable resources to compete on an equal basis with traditional sources of power.<sup>3</sup>

I look forward to reviewing the responses of the public on this Notice of Inquiry, as they will inform this Commission as it moves forward in its consideration of its incentive policy. Given my interest in getting needed transmission built, I am particularly interested in any comments regarding how our incentive policies have been successful in encouraging investment, and comments that show how our policies can be improved in a way that encourages further development of needed transmission.

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<sup>1</sup> Section 219 of the Federal Power Act at 16 U.S.C. 824s.

<sup>2</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities* 131 FERC ¶ 61,253 (2010) (Moeller, Comm'r, concurring); *NSTAR Elec. Co.*, 125 FERC ¶ 61,313 (2008) (Moeller, Comm'r, dissenting in part) ("... the Commission should do what it can to encourage capital investment in needed transmission infrastructure projects."); *Commonwealth Edison Co. and Commonwealth Edison Co. of Indiana*, 125 FERC ¶ 61,250 (2008) (Moeller, Comm'r, dissenting) ("... now is not the time for this Commission to discourage investment in needed transmission infrastructure."); *New York Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,045 (2009) (Moeller, Comm'r, dissenting) ("The main issue here is whether needed transmission is being built ... I have encouraged investment in transmission infrastructure ..."); *Southern California Edison Co.*, 129 FERC ¶ 61,013 (2009) (Moeller, Comm'r, dissenting in part) ("The transmission that is needed in this nation will not be built unless the companies that build it can attract adequate investment dollars.");

<sup>3</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities* 131 FERC ¶ 61,253 (2010) (Moeller, Comm'r, concurring).