



February 21, 2013

Commissioner Philip D. Moeller

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket Nos. ER13-83-000 & ER13-88-000

Item No.: E-2

Statement of Commissioner Philip D. Moeller on Order No. 1000 Compliance Filing for Duke-Progress and Yadkin

"When Order No. 1000 was first proposed three years ago, I promised "to do my part to ensure that this Commission does not lose sight of the ultimate goal: a final rule that results in needed capital investment."¹ As my top policy priority, a "[r]obust electric transmission infrastructure is the ultimate "enabling" energy technology, as it can provide a more efficient electric system, enhanced reliability, increased access to less expensive and often cleaner resources, and the ability to harness location-constrained renewable resources."² In contrast, "the lack of adequate transmission investments often disproportionately raises consumer rates due to congestion, threatens the reliability of the nation's bulk power system, and increases reliance on older and dirtier generating resources."³

"When Order No. 1000 was adopted, I dissented in part, based upon a concern that "instead of encouraging more regional cooperation, the rule could ultimately discourage such cooperation."⁴ Yet a region with only one transmission owner obviously cannot cooperate with another transmission owner in that region. While some special-purpose companies do own transmission, if that company would never have a need to build long-distance transmission lines, that company does not convert a region with one transmission owner into a region with two competitors. Competition drives prices lower and increases efficiencies, and two or more companies competing to design and build the best transmission system will tend to build better projects at lower cost than a single company.

"Today's order is our first major order on compliance with Order No. 1000. As we consider issues on compliance, "the Commission recognizes that each transmission planning region has unique characteristics and, therefore, [Order No. 1000] accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate these regional differences."⁵ As stated in Order No. 1000, "[w]e have stressed throughout this proceeding that we intend to be flexible and are open to a variety of approaches to compliance."⁶ Moreover, we recognize that regional flexibility is not "an empty offer":

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Notice of Proposed Rulemaking, FERC Stats. & Regs. ¶ 32,660 (2010), *Commissioner Moeller, concurring*.

² *Id.*

³ *Id.*

⁴ Order No. 1000, *Commissioner Moeller, dissenting in part*.

⁵ Order No. 1000 at P 61. Also see statements about flexibility at PP 108, 149, 157, 158, 208, 220, 227, 259, 322, 324, 441, 444, 445, 447, 448, 449, 561, 604, 624, 705, 714, and 745. For additional statements on flexibility, see the transcript of the Commission's open meeting on July 21, 2011.

⁶ *Id.* at P 561.



“The Commission recognizes and intends that several approaches to cost allocation may satisfy the principles adopted in this Final Rule. If it were otherwise, the offer of regional flexibility would be an empty offer.⁷”

“Thus, flexibility will be a hallmark of the manner in which we address the mandates of Order No. 1000 on compliance.

“Yet the matter before us is a clear case of non-compliance with a basic element of Order No. 1000, so this is not a decision that requires us to grant the flexibility that is obligated by the provisions of Order No. 1000.

“Accordingly, I respectfully concur.”

⁷ Order No. 1000 at P 714.