



March 21, 2013

Commissioner John R. Norris

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket Nos. ER13-198-000, ER13-75-000, and ER13-187-000

Item Nos. E-1, E-2 & E-3

## Statement of Commissioner John R. Norris on Order No. 1000 Compliance Filings

"Today we took another step on the journey to modernize our electric grid and provide consumers and our economy with greater efficiency and just and reasonable prices for electric transmission services. I support the Commission's action on the Order No. 1000 compliance filings for MISO, PJM and WestConnect.

"We began this effort nearly three years ago with the proposed rule that became Order No. 1000. The hard work that went into that Final Rule by the FERC and many stakeholders now enters another critical stage - the compliance phase of Order No. 1000. This phase is as critical as issuing the original rule itself. The objectives and goals of Order No. 1000 will only be realized if we adhere to the principles laid out there through the compliance process.

"Order No. 1000 outlined three major areas of progress toward a more productive and efficient electric transmission grid: achieving greater upfront certainty on cost allocation; integrating public policy objectives into the planning process; and bringing the benefits of competition to the transmission business through the removal of federal rights of first refusal.

"With approval of the compliance filings on cost allocation, we will be providing more certainty and stability for building much needed transmission. The lack of an agreed-upon cost allocation formula for transmission planning regions has been a major inhibitor of planning and building needed transmission lines. I am pleased with the cost allocation proposals that we have seen in the compliance filings to date, including those we are acting on this month. Although we require some additional work on some aspects of the proposals, overall the efforts on cost allocation should lead to building essential transmission projects for greater reliability, economic benefits, and addressing public policy objectives.

"The next major area addressed by Order No. 1000 is the integration of public policy considerations into the planning process. If we are building the grid of the future, we must open up our planning processes to examining how we can better plan for public policy objectives impacting the future of our electricity system. The compliance filings that we are addressing this month all take an important step forward in meeting transmission needs driven by public policy requirements enacted at the state, local and federal levels.

"The final major area I want to highlight today is the issue of competition in the transmission business. Order No. 1000 sought to provide consumers and our economy with more efficiently priced and delivered electricity by introducing greater competition in the provision of transmission services. By requiring the removal of a federal right of first refusal (ROFR), we enable the force of competition to generate more creative and efficient solutions to transmission needs.

"Order No. 1000 appropriately gave deference to state laws and regulations impacting the siting and construction of transmission within their borders, and made clear that the Commission was not seeking to preempt or otherwise intrude on those measures. However, I am concerned by efforts to extend state laws and regulations into the federal planning process itself in a manner that limits the projects that may be considered for inclusion in the regional plan. Allowing these measures to effectively disqualify an otherwise more efficient and cost-effective project from



consideration essentially creates a new federal ROFR. This restricts competition and prevents state policymakers and their consumers from seeing the benefits competition can bring in meeting transmission needs by blocking potentially beneficial projects from ever seeing the light of day. Moreover, allowing the laws of a single state to remove a project from regional consideration effectively serves to extend that single state's restrictions to the entire planning region.

"We take some action in these compliance orders today to send the ROFR compliance filings back for further work to meet the competition goals of Order No.1000. I remain concerned that the desire to shield incumbent utilities in certain states from competition negates the efforts that we have made to enable consumers and stakeholders throughout the planning regions to see the benefits of competition, and the creative proposals for solving transmission needs more efficiently that can result.

"I will be monitoring these critical areas of compliance closely as we go forward in the regions we have responded to this month and the remaining regions pending our review and action."