



FEDERAL ENERGY REGULATORY COMMISSION

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Docket No. AD08-13-000

Chairman Joseph T. Kelliher

Statement of Chairman Joseph T. Kelliher on Technical conference regarding Transmission Barriers to Entry

"The purpose of this technical conference is to explore some of the barriers that exist to transmission development in the United States. Today we will hear from a wide range of speakers, including new entrants, incumbent vertically integrated utilities, an independent transco, a private equity firm, public power, a regional transmission organization, and a representative of real estate investment trusts. We also hear from a state colleague.

The wide range of speakers shows the diversity in the nature of grid ownership in the United States. That diversity may be extended through further new entry.

The Commission has demonstrated its flexibility with respect to ownership arrangements for major transmission projects. We have granted incentives for large regional grid projects by vertically integrated incumbents, but have also encouraged entry of independent transmission companies and merchant transmission projects.

Our focus has been clear – we encourage development of a more robust interstate power grid, and recognize there may be more than one path towards that goal. The speakers today may suggest new concepts for Commission transmission policy. There is no reason we cannot explore more than one approach.

With respect to investment levels, the U.S. is on the right track. Overall grid investment levels have roughly doubled over the past five years. But investment is not yet at the level we need to assure reliability and support competitive wholesale power markets.

We have been flexible in the past with respect to ownership arrangements for new transmission projects. But we have more discretion, which we demonstrated, for example, with respect to proposals from independent transmission companies in the Commission's June 2005 Policy Statement Regarding Evaluation of Independent Ownership and Operation of Transmission.

Most transmission in the U.S. is owned by vertically integrated companies – private utilities, federal utilities, state and municipal utilities, and rural electric cooperatives. However, the independent transmission model is a proven one, and the established transcos in the U.S. are making much greater investments than the previous owners.

We have been flexible in our approach towards development of natural gas pipelines, supporting producer backed pipelines and anchor shippers, and that has helped produce a network that is the most robust in the world. It is possible some of the lessons from natural gas pipeline development can be applied to transmission development.

I look forward to hearing the views of my colleagues and the speakers."