

**FERC Chairman Jon Wellinghoff
Testimony on Electric Transmission Issues
Before the House Energy and Commerce Subcommittee on Energy and Power
October 13, 2011**

Thank you Mr. Chairman, and Ranking Member Rush, and members of the Committee. Thank you for having me here today. My name is Jon Wellinghoff, and I'm the Chairman of the Federal Energy Regulatory Commission.

The development of an efficient electric transmission system benefits consumers by reducing barriers to trade within and among regions, thereby enhancing competition in wholesale electric markets. With this goal in mind, and recognizing that significant transmission investment is likely to be made in the foreseeable future, the Commission recently issued Order No. 1000. Order 1000 revisits the Commission's planning and cost allocation requirements to ensure they are adequate to support more efficient and cost effective transmission investments moving forward. Through these changes, Order 1000 will foster competitive markets to benefit consumers, strengthen our national security and help revitalize our economy.

I'd like to highlight three major points about Order 1000. First, Order No. 1000 emphasizes regional flexibility and regional action. Within a general framework, each transmission planning region determines its own transmission needs by building upon an open and transparent process that is already in place, each region will propose cost allocation methods. Order 1000 does not establish pre-set regional boundaries nor does it proscribe how the regions plan their systems. Nothing in Order 1000 requires interconnect-wide planning or interconnect-wide cost allocation.

Second, Order 1000 states that those who do not benefit from new transmission facilities should not pay. Third, Order 1000 is about establishing effective processes for transmission planning and cost allocation, not about requiring specific outcomes for those processes. Order 1000 does not favor renewable energy resources, nor would such a practice be consistent with the Federal Power Act or the Commission's open access transmission policy. Order 1000 does not require or subsidize the use of green energy. Order 1000 also recognizes the states' vital role in protecting consumers. Order 1000 recognizes the unique perspective that states can provide in regional transmission planning processes. Nothing in Order 1000 is intended to preempt or otherwise affect state laws or regulations with respect to construction of transmission facilities.

Through the reforms adopted in Order 1000, the Commission seeks to ensure that the nation's electric grid is prepared to meet the challenges and realize the opportunities of the 21st Century. Order 1000 will reduce the inefficiencies that exist today in today's transmission planning processes and the uncertainty created by the lack of clear cost allocation methods for regional and interregional transmission facilities. Effective regional transmission planning and interregional transmission coordination, along with cost allocation reforms, as required by Order 1000, will help improve reliability, reduce congestion, increase the deliverability of power supplies, allow new domestic power

supplies to be developed, and help ensure that consumers have greater access to efficient, lower-cost electricity, at just and reasonable rates. Thank you, Mr. Chairman.