



**Federal Energy Regulatory Commission
February 15, 2007
Open Commission Meeting
Talking Points of
Commissioner Suedeen G. Kelly**

**Item E-1: Preventing Undue Discrimination and Preference in
Transmission Service (RM05-17-000, RM05-25-000)**

"I want to start by thanking the staff team for the tremendous work, the many late nights, and the many weekends that you put into this Final Rule.

Twelve hundred very well written pages, including the revised pro forma OATT, attest to your heroic efforts and we are all very grateful.

The contents of the Final Rule have already been described but I would like to highlight some areas I find important in today's world.

First, while these changes to open access transmission service are all necessary to address the opportunity for undue discrimination, I also believe that many of these changes will be of great help in supporting broad public interest goals of the Nation, Congress, this Commission, state authorities, and others.

For example, such changes as the new OATT requirements regarding coordinated, open, and transparent transmission planning will give state authorities new tools and information resources of great value to them as they work to ensure that the needs of their states are met.

Similarly, these regional planning processes can provide a platform for not only existing energy players, like traditional generators and transmission solutions, but also emerging players, like renewable generators and demand response resources, to be thoughtfully considered by decision makers in each region.

Given the great challenges that face our nation on energy issues, the more people we have thinking about those issues and making plans accordingly, the better off we all are.

I also want to briefly discuss the positive effects I expect from revising the OATT's imbalance charge structure.

The old imbalance charge structures were developed in a very different world where large, vertically integrated utilities operated their own control areas and, thus, were not greatly impacted by imbalance charges.

They largely handled imbalances through inadvertent interchange provisions that allowed energy to be returned in kind.

Profound changes have taken place in the industry, however, and the old imbalance charge structures have been shown to be particularly hard on the newer industry participants, like intermittent resources, that have been added to the Nation's generation fleet in recent years.

The changes we are making to the imbalance charge structure in order to address undue discrimination will also properly reflect the intermittent nature of this new and very important source of energy.

Finally, I am very excited about the new form of point-to-point transmission service,

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known as Conditional Firm Service.

This change to point-to-point service will permit a more efficient use of the grid without causing any degradation to existing uses of the grid.

That can only be to everyone's benefit, including transmission providers themselves, load serving entities, and other users of the grid like renewable resources.

There are many other very good features contained in this rule but I will just wrap up by saying that I am very pleased to vote for this Final Rule because I believe it embodies an appropriate set of balanced policies and will protect open, nondiscriminatory and full access to the transmission grid, to the benefit of all.

I also want to sincerely thank the Chairman for recognizing the need for this effort and championing it even before he became the Chairman.

As soon as you proposed it, I supported the idea but the original vision was yours and I think it is undeniably one of the most important things we have done since taking these jobs.

I appreciate very much being able to participate on it with you and with our other colleagues and the Commission's staff.

Thank you"