



FEDERAL ENERGY REGULATORY COMMISSION

July 17, 2008

Chairman Joseph T. Kelliher

Docket Nos. OA08-30-000, OA08-34-000, OA08-47-000, OA08-48-000, OA08-33-000, OA08-38-000, OA08-35-000, OA08-23-000, OA08-55-000, OA08-55-001, OA08-55-002, OA08-28-000, OA08-54-000, OA08-54-001, OA08-54-002, OA08-31-000, OA08-31-001, OA08-56-000, OA08-56-001, OA08-56-002, OA08-40-000, OA08-57-000, OA08-57-001, OA08-57-002, OA08-43-000, OA08-99-000, OA08-99-001, OA08-118-000, NJ08-5-000, OA08-25-000 and OA08-26-000

Item Nos. E-1, E-2, E-3 and E-4

Statement of Chairman Joseph T. Kelliher on Open Access Transmission Tariff Planning

"Today, the Federal Energy Regulatory Commission considers a package of orders designed to improve regional transmission planning.

The principal objective of the transmission access reform rule, Order No. 890, was to prevent undue discrimination and preference, to prevent vertical market power exercise. We accomplished that through a series of reforms.

One of the most important reforms we adopted was in the area of transmission planning. The power grid is regional in nature, and transmission planning should reflect that reality. The requirement that transmission owners engage in regional transmission planning consistent with principles in Order No. 890 was a significant policy change. The compliance orders continue the steady progress towards improved regional transmission planning in various areas of the country.

There is a need to improve regional transmission planning in all regions of the country, regardless of wholesale market structure. As we discussed earlier in the month, there has been a lot of progress in improving regional transmission planning by regional transmission organizations. The package we approve today should improve transmission planning in other regions of the country. The package strengthens regional planning and establishes greater consistency in planning, by upholding the planning principles in Order No. 890 and requiring certain modifications to conform to those principles.

Just as regions of the country with regional transmission organizations have taken steps to improve their existing transmission planning processes in response to the requirements of Order No. 890, so too have entities in the West. The four orders we are considering today represent the collective efforts of 16 different entities – both jurisdictional and non-jurisdictional -- working together to build upon and augment their existing sub-regional planning processes in the West. The spirit of cooperation and coordination are remarkable. It is my sincere hope that the hard work underlying these planning efforts will deliver results – a stronger grid that will not only improve reliability and support competitive markets but also enable the addition of new generation resources, including renewable resources, to meet the energy needs of the entire Western Interconnect.

It is not enough to have nondiscriminatory access to the power grid. The grid itself must be robust enough to operate reliably and support competitive markets. We have taken a number of steps to strengthen the grid, by encouraging greater investment, making regional cost allocation determinations,





STATEMENT

and issuing rules governing limited federal transmission siting authority. Improved regional planning will play an increasingly important role in strengthening the power grid.”