



# FEDERAL ENERGY REGULATORY COMMISSION

**Date** May 15, 2008

**Chairman Joseph T. Kelliher**

**Docket Nos.** OA08-32-000, OA08-53-000, OA08-42-000,  
OA0841-000, OA08-58-000 and OA08-21-000

**Item Nos.** E-1, E-2, E-3, E-4, E-5 and E-6

## **Statement of Chairman Joseph T. Kelliher On OATT Planning Compliance Filings**

"The principal duty of the Commission in the area of economic regulation is to guard the consumer from exploitation. One of my early goals as FERC Chairman was to reform the open access transmission tariff and reduce the potential for undue discrimination and preference and the opportunity for vertical market power exercise. That resulted in the landmark rule, Order No. 890.

But Order No. 890 had other policy objectives beyond reducing the potential for undue discrimination and preference. One was to promote effective competition in wholesale power markets, by providing for more perfect open access.

Another policy goal was to strengthen the grid itself. Perfect access to a constrained grid does not adequately promote effective wholesale competition or assure reliability of the bulk power system. There is a need to strengthen the interstate power grid. We have pursued that goal through a number of actions, including encouraging greater grid investments, making difficult cost allocation decisions in a number of regions, and establishing rules governing exercise of our limited authority to site transmission facilities.

Order No. 890 also included provisions to strengthen the power grid, by requiring regional transmission planning. The United States does not have a national power grid; we have a series of 8 or 10 regional power grids.

But ownership of the U.S. interstate transmission system is highly disaggregated, with more than 500 owners. Before Order No. 890, transmission planning was done by individual transmission owners, as if we had 500 distinct power grids. Order No. 890 required regional transmission planning because that reflects the true nature of the U.S. power grid.

In the orders we approve today, we uphold the planning principles in Order No. 890 and require certain modifications to conform to those principles. In that way, we strengthen regional planning and establish greater consistency in planning."