



FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Date March 20, 2008
Docket No. AD08-2-000
Item No. E-27

Commissioner Marc Spitzer

Statement of Commissioner Marc Spitzer on Interconnection Queuing Practices

"Since 1996 this agency has required the nation's transmission owners to provide non-discriminatory, open access transmission service over their transmission systems. This access is a critical underpinning of our policy of ensuring competitive markets.

For competitive markets to work, however, wholesale customers need choices for generation.

The non-discriminatory and transparent interconnection procedures adopted in Order No. 2003 are a means to provide these choices by facilitating the connection of new generation to the grid. For the most part, the procedures in Order No. 2003, though not perfect, interconnect competitively priced generation for the ultimate benefit of consumers.

However, the market has changed since FERC adopted Order No. 2003. Changes in the number, as well as the nature, of generators seeking to interconnect to the grid have imposed burdens on transmission providers. Although I believe that Order No. 2003 is a success, in some respects it has been overtaken by the never-ending evolution in the industry. See, e.g., Schumpeter, Joseph, *Capitalism, Socialism and Democracy* (1942). Elements of Order No. 2003 need revision to achieve timely and transparent interconnection. None of our open access transmission initiatives will bear fruit if generation interconnection procedures are untimely or uncertain. Workable interconnection rules are critical to the fulfillment of our goal to establish and maintain competitive markets.

We all have heard the predictions of the astonishing amount of time it will take to process pending interconnection requests in some regions. Clearly, something needs to be done to address this problem. And while some may want to point fingers at others for causing the problem, today's order focuses on the truly important issue before us: necessary changes or further mechanisms to solve the problem.

Today's order provides guidance to RTOs and ISOs to address the interconnection queue problem in their regions. The only requirement in the order is that the RTOs and ISOs file a report with the Commission in 30 days outlining what they have done or intend to do to address the queue problem in their regions. Otherwise, I believe that the order correctly allows each RTO and ISO, of course with the input of stakeholders, to develop a plan for their respective regions to address the queue problem they face.

I understand some regions have undertaken efforts to address the queue problem, and those RTOs and ISOs should be commended for getting the ball rolling. I also understand that fixes to the problem may be complex and may take some time to develop. However, time is of the essence on this issue. Each day a generator is denied interconnection is a day in which consumers have one less choice. Interconnection delayed is competition denied. Therefore, I urge the RTOs and ISOs to move forward as expeditiously as possible to address these problems in their regions.





STATEMENT

I am pleased to see the talent and dedication of the Energy Innovations Sector of the Office of Energy Market Regulation applied to this issue. I thank Ray Palmer, Rahim Amerkhail and Mary Morton for their efforts on this important matter.

For the foregoing reasons, I support this order."

