



# FEDERAL ENERGY REGULATORY COMMISSION

October 16, 2008

**Docket No.** ER08-1419-000

**Item No.** E-10

**Commissioner Suedeen G. Kelly**

## **Statement of Commissioner Suedeen G. Kelly on Southwest Power Pool, Inc.**

"I am happy to support this order. And I think that it is particularly timely given our very recent technical conference examining barriers to transmission.

While SPP filed the proposal, I note that it originated from within the SPP Regional State Committee and was developed over the course of 2 years in the stakeholder process. I am pleased to further note that it received overwhelming stakeholder and state commission support. The Regional State Committee, SPP and SPP's stakeholders are to be commended for presenting an imaginative approach to economic planning and transmission cost allocation.

In its most recent transmission expansion plan, SPP stated that it would like to see additional transmission installed in order to achieve more cost effective operations. The balanced portfolio proposal will contribute to achieving this goal. It is a thoughtful and comprehensive plan and possesses several noteworthy qualities.

First, the structure of each balanced portfolio of economic upgrades ensures that the benefits that accrue to each SPP zone exceed the costs. Importantly, the proposal affords SPP sufficient flexibility to reconfigure a portfolio to ensure balance. While such flexibility means that SPP need not construct the perfect portfolio, the requirement that all portfolios be approved by the SPP Board of Directors provides the necessary confirmation that the portfolio is indeed balanced.

Second, the process outlined here will expedite the study process and ultimately reduce time to construction. By considering an array of projects simultaneously, rather than projects individually, the portfolio approach will not only avoid disputes surrounding individual upgrades that do not produce benefits to all SPP zones but also the need to restudy projects affected by the addition of new projects to the expansion plan.

Finally, the proposal provides for 100% cost regionalization of the transmission projects, which, I believe, has been very helpful in promoting transmission construction, where implemented.

Overall this proposal reflects a sharp understanding of the challenges of getting large, regional-scale economic projects built. I expect that this innovative and forward-thinking approach to economic planning and cost allocation will facilitate a rapid build-out of transmission. Further, I suspect a successful progression through one balanced portfolio cycle will provide a clear and unambiguous signal to the investment community that SPP's economic process is reliable.

This week the Commission convened a technical conference on barriers to transmission investment. We heard a lot of ideas regarding what the Commission can do to further transmission build and we are committed to doing all that we can. But it gratifying to know that in this case, our participation is limited to considering the proposal and voting yes."

