



# FEDERAL ENERGY REGULATORY COMMISSION

**Date** May 15, 2008

**Chairman Jon Wellinghoff**

**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 Commissioner Jon Wellinghoff On OATT Planning Compliance Filings**

"First, I want to thank the Staff for their tremendous outreach efforts leading up to the filing of these transmission planning processes and for their analysis of the filings. I believe the outreach contributed to the quality of the filings.

When we issued Order No. 890 in February 2007, I observed that the electric industry today reflects significantly increased trade in bulk power markets, with the transmission grid being used more heavily and in new ways. At the same time, there has been a decline in investment to support these bulk power markets, and a failure to aggressively encourage advanced technologies. Together, those trends are threatening reliability, causing billions of dollars in congestion costs, and undermining competition. We need to invest in our electric infrastructure, and we need to invest wisely and smartly. I reiterate my view that removing undue discrimination in transmission service and enhancing and expanding the grid smartly will promote more competitive markets and lower costs to consumers.

I pointed out at the time that the reforms we were making to the pro forma OATT put demand resources, for the first time, on an equal footing with other resources in directly contributing to the reliability and efficient operation and expansion of the electric transmission system. Of particular relevance was our finding that demand resources capable of performing the needed functions should be permitted to participate on a comparable basis in the open, transparent transmission planning process that Order No. 890 requires. And we also provided a forum for stakeholders to come forward with demand response project proposals that they wish to have considered in development of the transmission plan. I believe that we greatly enhanced the planning process by treating demand response not just as an adjustment to the load forecast, but also as a resource. This improves the planning process by introducing new solutions for consideration. It also reduces the uncertainty and error inherent in any planning process by improving the information about how consumers may change their usage in response to changes in electricity prices and in emergencies. Ultimately, it will reduce costs to consumers and increase the competitiveness and profitability of utilities.

Nevertheless, beneficial planning requires that the full range of potential solutions is considered. The challenge ahead is to find the combinations that will reliably meet the needs of consumers at a reasonable cost.

Today we are considering six responses to our effort to foster open and transparent transmission planning. I will vote to approve these proposed transmission planning processes because they are the foundation for processes where resources such as demand resources are considered on a comparable basis as potential solutions to improve transmission service, resolve congestion and expand a reliable grid.

I also note that we issued Order No. 890-A on December 27, 2007, subsequent to the date the filings before us were submitted. In Order No. 890-A, the Commission provided additional guidance, among other things, as to how the transmission provider can achieve compliance with the comparability



## STATEMENT

principle. Specifically, the Commission stated that the transmission provider needed to identify as part of its Attachment K planning process "how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning." Because Order No. 890-A was issued subsequent to the filings before us, the Applicants did not have an opportunity to demonstrate that they comply with this requirement of Order No. 890-A. Therefore, we are directing them to submit compliance filings that address the necessary demonstration required by Order No. 890-A. I look forward to those filings.

Thank you, Mr. Chairman."