

## **Brownell Statement on M-1**

Today the Commission takes an important step toward providing clarity on a subject that has bedeviled market participants. A great deal of time and money has been spent over the last few decades litigating the standard to be applied to proposed changes to jurisdictional contracts. As the federal courts have observed, this litigation could have been avoided had the Commission only acted sooner to prescribe the contractual language necessary to invoke the just and reasonable standard versus the public interest standard.<sup>1</sup> Today, the Commission finally begins that long overdue action.

Competitive markets rely on investors to provide the capital needed to build infrastructure. Investors will not participate in a market in which the rules regarding contract modification are unclear, at least not without charging a significant risk premium cost that will ultimately be borne by consumers. Under the approach proposed in this order, the rules will at last be clear, and parties will have confidence that whichever standard they choose when they enter into a jurisdictional contract—be it just and reasonable or public interest—will be respected by the Commission and by the courts.

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<sup>1</sup> See *Boston Edison Co. v. FERC*, 233 F.3d 60, 68 (1<sup>st</sup> Cir. 2000).