



FEDERAL ENERGY REGULATORY COMMISSION

January 13, 2009

Docket No. AD09-2-000

Chairman Joseph T. Kelliher

Statement of Chairman Joseph T. Kelliher on

Technical Conference on Credit and Capital Issues Affecting the Electric Power Industry

"Welcome to the FERC technical conference on credit and capital issues affecting the U.S. electricity industry. I appreciate the willingness of the panelists to join us and share their perspectives on these important issues.

At today's technical conference, we will examine the credit and capital issues facing the electricity industry in order to understand the implications of the current financial crisis on electricity infrastructure development and operation of competitive wholesale power markets. One question I ask the panelists to address is the extent to which there is a need for change in existing FERC policy with respect to credit and capital issues, or the extent which it is important that current policy continue in place. It would help our examination if you would be specific in your recommendations.

I am particularly concerned about the implications of the current financial crisis on development of energy infrastructure, especially electricity generation and transmission. We are at a point where there is a need for a tremendous investment in electricity generation, transmission, and distribution to assure security of electricity supply at a reasonable cost. The level of investment needed to meet the climate change challenge will be even greater.

However, the financial crisis threatens to impair the ability of the industry to finance capital expenditures, and may particularly affect independent power producers and wind developers. It is important for the Commission to understand how the current financial crisis affects infrastructure development, whether the crisis more particularly affects certain market participants, and the implications for current and future Commission policy.

The technical conference will also examine credit policies in different competitive wholesale power markets, both the organized and bilateral markets. Many of the credit issues are currently being reexamined by stakeholders to determine the adequacy of existing practices, and whether there is a need for change. Indeed, the Commission anticipates receiving filings from some of the organized markets soon on credit related issues. We are not here, however, to discuss the merits of these anticipated filings but are seeking context to understand and evaluate any changes or reforms that are proposed to existing credit policies.

While this conference is focused on credit and capital issues affecting the U.S. electricity industry, we recognize these issues also affect the natural gas industry.

Again, I thank the panelists for joining us today."

