



Federal Energy Regulatory Commission
November 15, 2007
Open Commission Meeting
Statement of
Commissioner Jon Wellinghoff

Items E-3, Southern California Edison Company (Docket No. EL07-62-000)

"I am pleased to support and concur with today's order granting transmission incentives to these worthwhile projects. I would like to discuss briefly why I believe that incentive ROE adders for transmission are appropriate in this case.

In considering an incentive ROE adder for transmission, I focus on encouraging investment decisions that are beyond upgrades simply required to meet a utility's service obligations or the minimum standard of good utility practice. The failure to meet that standard is why I dissented on E-2 on today's agenda. An incentive adder should be more properly targeted to transmission investments that provide incremental benefits.

Such incremental benefits include those that result from the deployment of "best available technologies" that increase operational and energy efficiency, enhance grid operations, and result in greater grid flexibility. Such investments recognize that efficient transmission facilities and state-of-the-art transmission technologies are essential to solving our energy delivery problems. Promoting such investments is also consistent with the Congressional directive set forth in section 1223 of EPCA 2005.

The investments for which SoCal Edison is seeking incentive ROE adders reflect a commitment to advanced technologies.

- For example, as part of its Devers-Palo Verde II Project and its Tehachapi Project, SoCal Edison plans to employ Static VAR Compensators and associated power electronics that will improve network stability, among other benefits.
- In addition, those projects will feature special protection systems that use fiber optic technologies to provide reliable high speed data communications between switching stations and allow the monitoring systems to trip load in the event of outage contingencies.

It is also important to incorporate into the consideration of transmission incentives in this case another incremental benefit associated with the Tehachapi Project.

Amid heightened concerns about climate change and dependence on foreign oil, it is essential that our country take steps to accelerate the integration of clean, reliable, domestic renewable energy resources into our energy portfolio.

Such resources, including wind and geothermal generation, are usually found in economically developable quantities at dispersed locations remote from load centers. As a result of these characteristics, large-scale investments in transmission are often necessary to deliver renewable energy to market.

The Tehachapi Project is such an investment, as it will enable the interconnection of up to 4,500 MW of dispersed wind resources for generation. In light of the broad and substantial benefits associated with increasing the availability of renewable energy resources, I believe that it is appropriate for the Commission to provide investment incentives in this area.

For these reasons, I concur with today's order."