

Acting Chairman Jon Wellinghoff
Interview with Bloomberg TV
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Peter Cook: Joining me is Jon Wellinghoff, who was named acting chairman of the federal energy regulatory commission in January. Mr. Chairman, thanks for your time.

Jon Wellinghoff: Thank you, Peter.

Peter Cook: Let me ask you first of all about this push for a green economy. The president has set this target of doubling the use of renewable alternative energy in this country, from 2 percent to 4 percent. First of all, is that feasible?

Jon Wellinghoff: I think, not only is it feasible, but we're right on target, and we're seeing that happening at FERC right now.

Peter Cook: And there are some people out there who look at the situation, first of all, they say, 2 to 4 percent, isn't all that much, there's too much hype about renewables and alternatives, going forward. And you don't buy into that. You think this is real, whether it's wind power, solar power, this is the future?

Jon Wellinghoff: It is the future, and we're absolutely seeing it at FERC from the standpoint that we are over the transmission, the interstate transmission system, and we're seeing transmission applications for renewable energy that reflects that kind of increase, and an increase even beyond that.

Peter Cook: And right now we've got obviously a country mired in recession, we've got a credit squeeze still taking place right there, a lot of people out in the marketplace saying these projects aren't going to get the financing going forward but you're not seeing that yet at FERC.

Jon Wellinghoff: No, we're not. As I say, we've had at least three different transmission projects come in solely on the basis of large renewable resources being connected to those transmission projects. We've got one in Montana, we've got another one in the Midwest, a very large one, and the Dakotas going to the Chicago area, and another one in the Southwest area, so with those projects and other ones have come in tentatively, haven't filed applications yet, but are on the drawing boards, we're not seeing any slowdown whatsoever.

Peter Cook: Again, another criticism of renewables in the past, just from a market perspective is that they just couldn't compete cost-wise with traditional power sources – coal, nuclear, that sort of thing. You and I were talking earlier, you were

suggesting that this North Dakota project, it's been suggested to you all, that this is going to be competitive with coal, that it's going to be cheaper than coal.

Jon Wellinghoff: We had a workshop yesterday, and we had a gentleman, Joe Welch, who's with ITC, and he told us that in the Dakotas, some wind resources that will be hooking up to his transmission project are 2 cents cheaper than new coal plants. And so that was remarkable evidence to me that we can deliver wind cheaper than we can produce new coal.

Peter Cook: All right. There are a lot of people suggesting regulators are going to play a key role here in trying to bring this new green energy to the forefront here. I want to ask you about one role at FERC, or one potential role for you, and that is the siting of transmission. It's been a debate for a long time of whether the federal government should have the power to essentially place transmission where it needs to go in this country. A lot of people don't want these things in their backyard. To make this happen, is FERC going to have to have that kind of eminent domain authority?

Jon Wellinghoff: Well, FERC has limited authority right now. But I think going forward, there's a number of bills up in Congress either that have been introduced or are being drafted right now that would give FERC that type of authority. Of course we have that authority right now for natural gas pipelines – in the last two years we sited 5,000 miles of natural gas pipelines. I think there's going to have to be some type of additional federal authority. I think it's going to have to be in conjunction with and collaboration with the states, however, and state entities, to ensure there's buy-in from the states. Because transmission is much more visible than natural gas pipelines, which are typically buried, and usually much more contentious at the local level. So, there has got to be a collaborative effort between the states and the federal government. But I think you can look to see more congressional push towards federal siting authority.

Peter Cook: All right. Let me add in climate change, another area where the FERC could play potentially a major role. The president has talked about this cap and trade system where pollution credits would be auctioned off to emitters out there. My question for you is, should FERC oversee that new market for those credits, or is that going to be a job for the CFTC?

Jon Wellinghoff: Well, that's typically an area that FERC has not been involved in, it would be a new and expanded role for us. I'm a little hesitant to say that's something that FERC should do. I think the CFTC may be better suited to that, given their market oversight in the commodities market. We do oversee the electric markets in this country, and I think we've done a very good job of doing that and showing there's no manipulation in those markets. But as far as a carbon

cap and trade market, I think that's a whole new realm and I'm not sure that FERC is ready to take that on.

Peter Cook: Just, finally, you're acting chairman now, would it be your hope to be formally chairman, eventually?

Jon Wellinghoff: Absolutely.

Peter Cook: All right. We'll wait to see if that happens. Jon Wellinghoff, thanks very much for your time.

Jon Wellinghoff: I appreciate it, Peter.

Peter Cook: Now, we'll send it back to you in New York.