

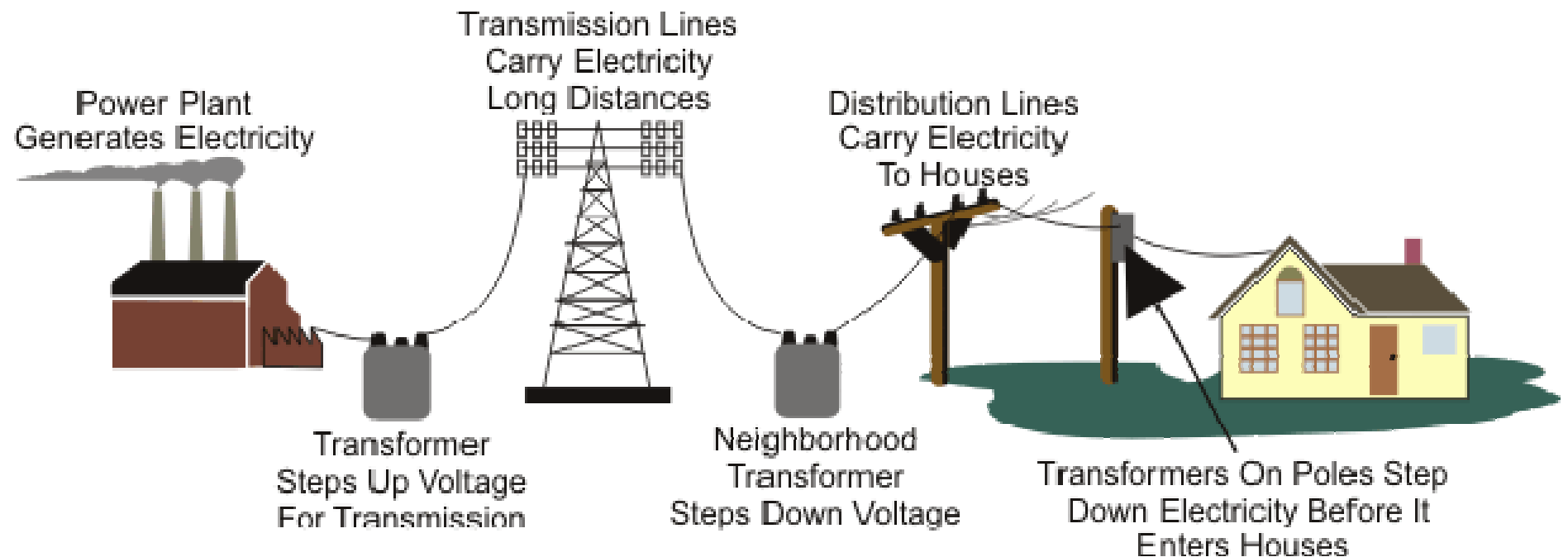
Constructing New Transmission Lines: Implications of the Energy Policy Act



*Philip D. Moeller, Commissioner
Federal Energy Regulatory Commission*

Boston, MA
August 7, 2007

The High-Voltage Transmission System Delivering the Power to You

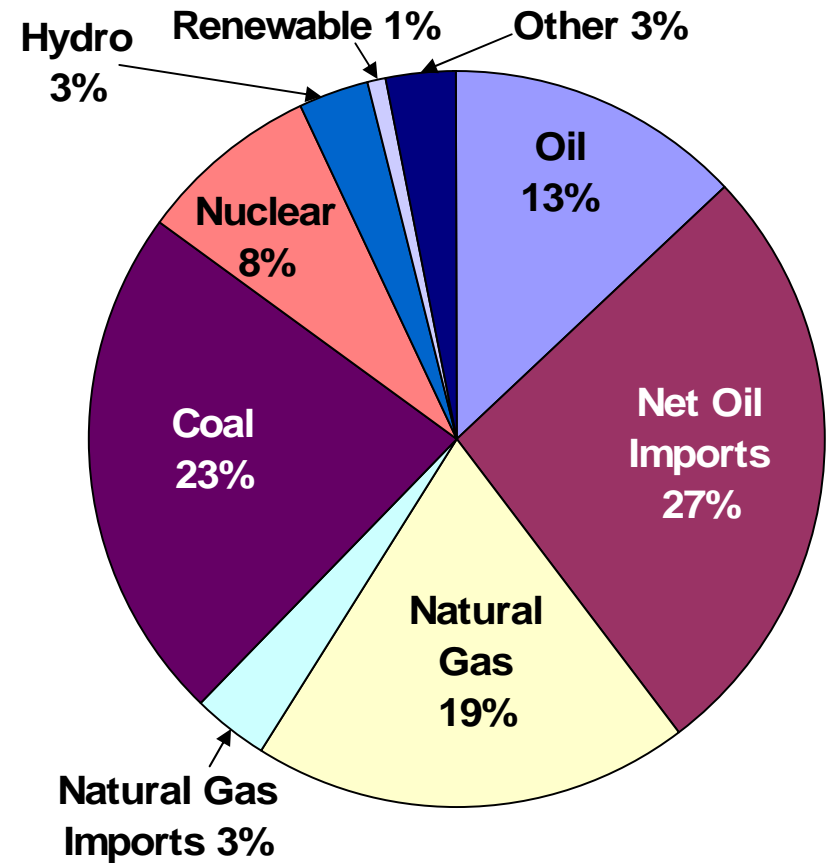
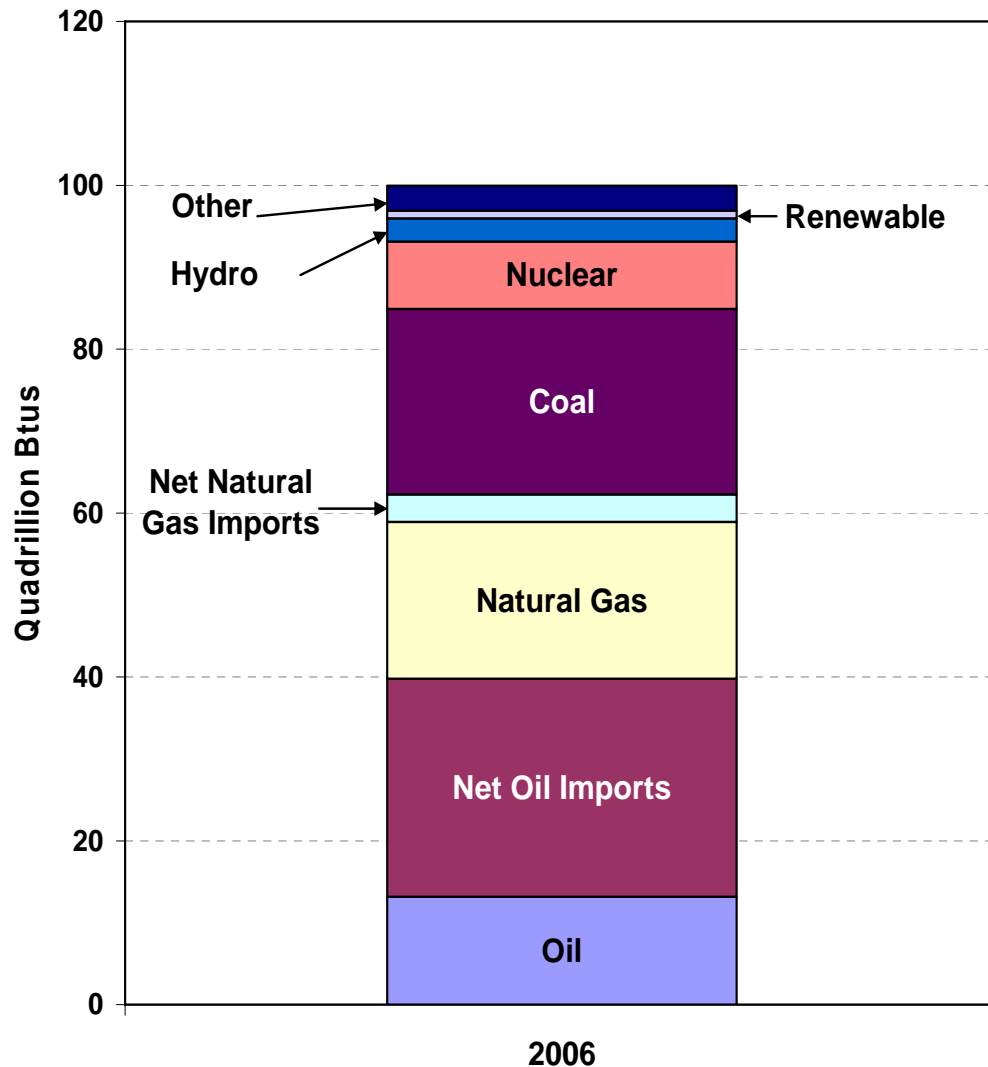


The Failure to Invest in Transmission: Have We Learned Any Lessons?



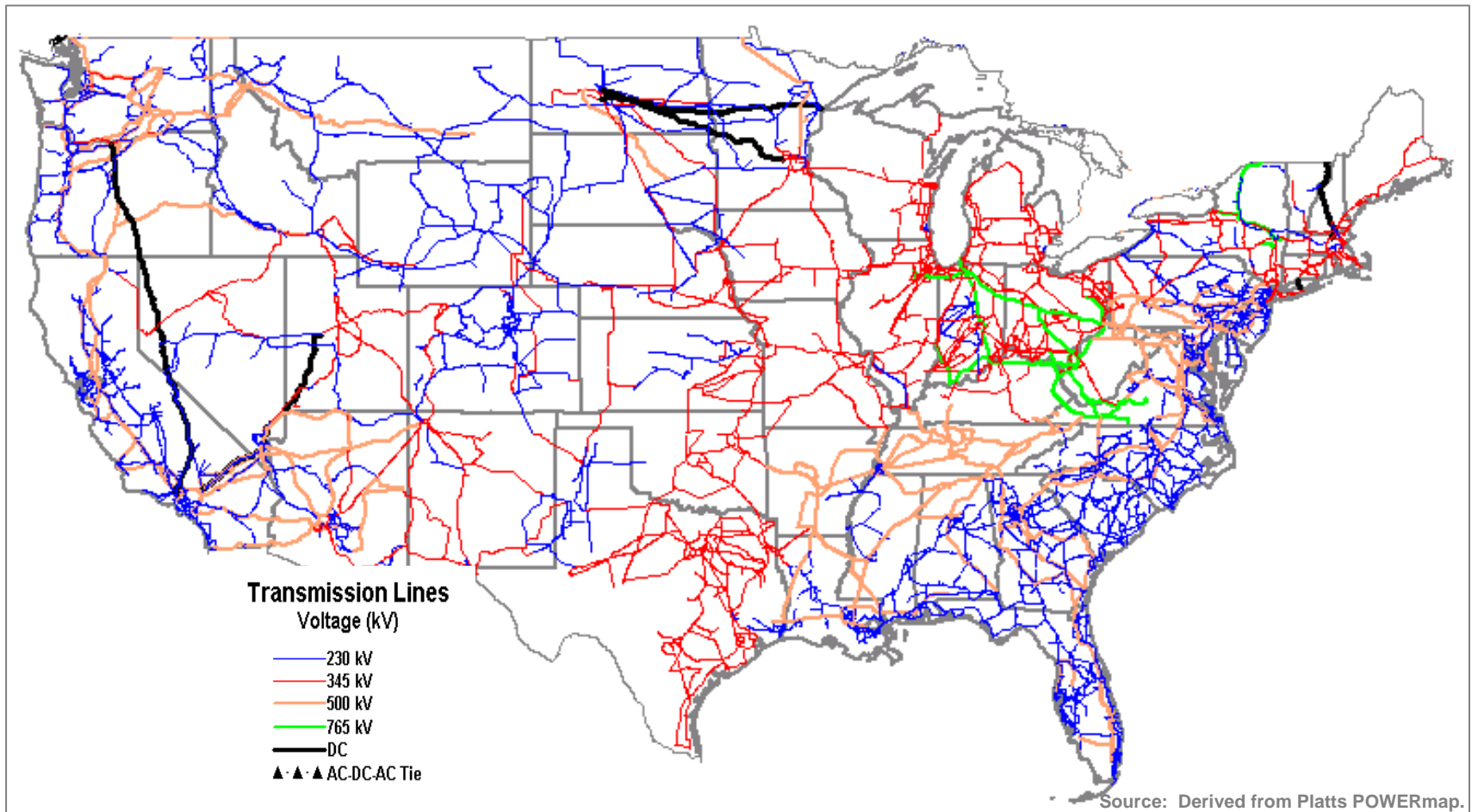
**Lost Income, Public Safety, Utility Damage Recovery,
Devaluation of Investments, Public Works Expenses**

The total U.S. energy consumption in 2006 was nearly 100 quadrillion Btus.

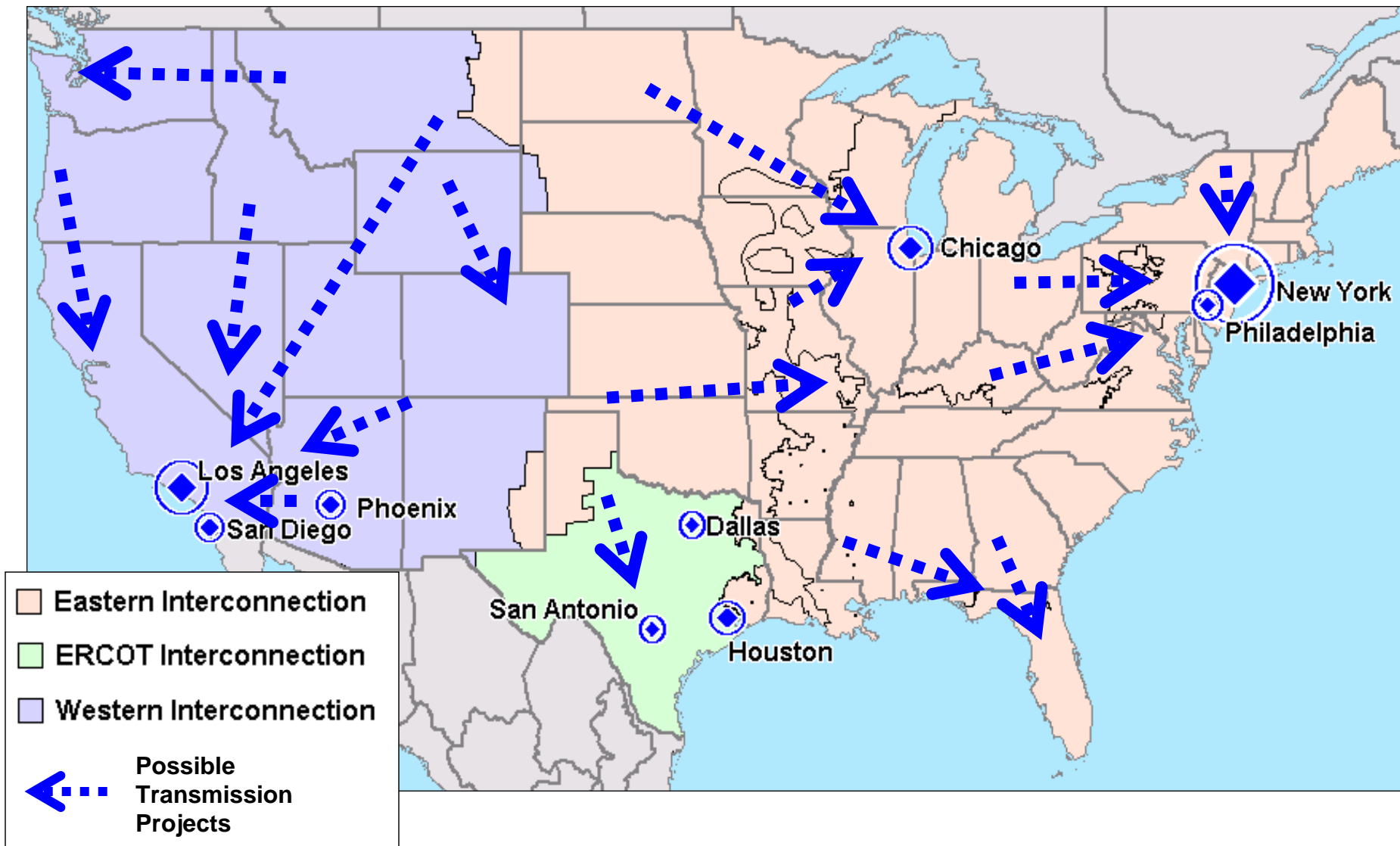


Source: Based on data from EIA Annual Energy Outlook 2007

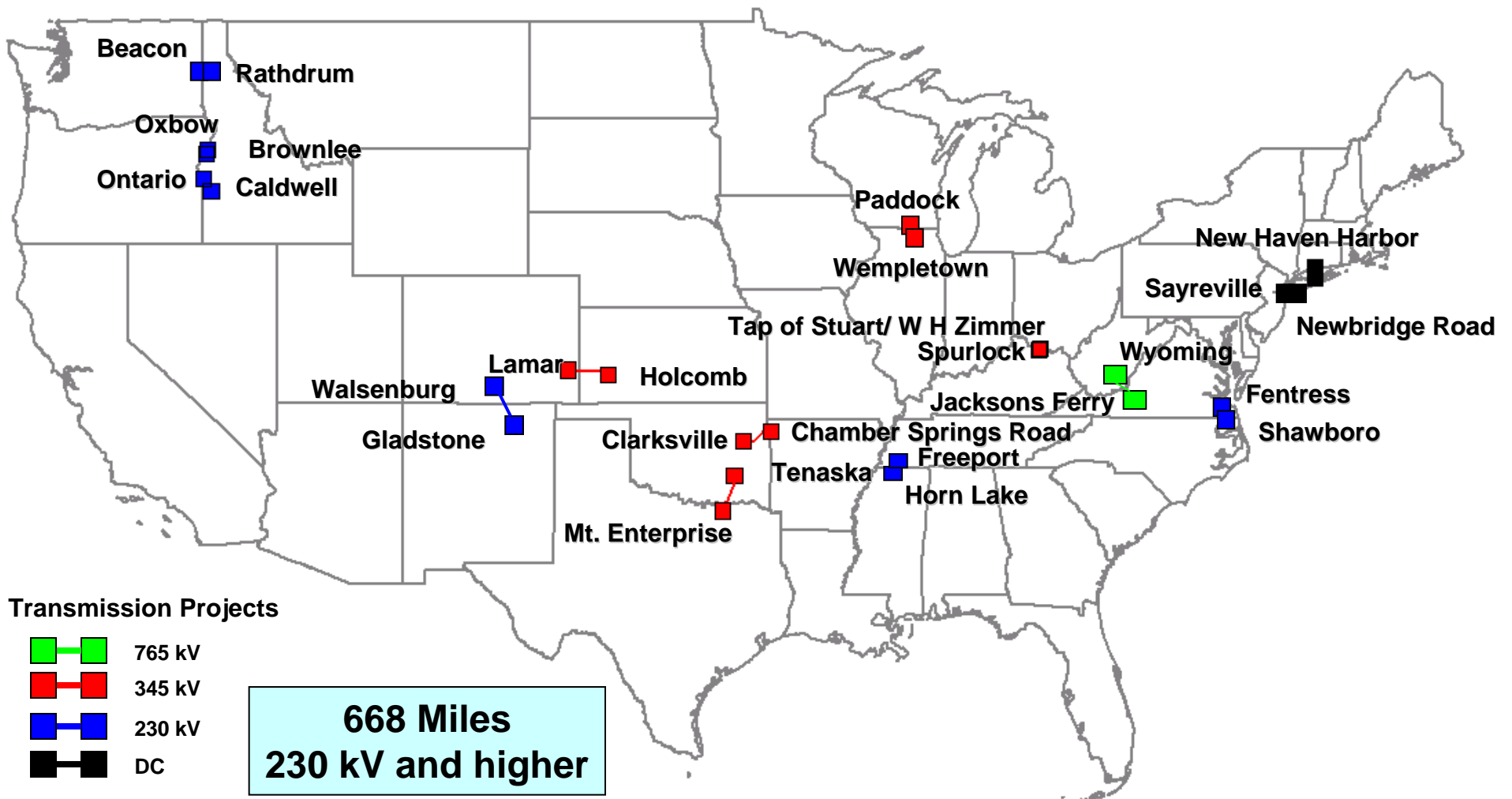
Existing Bulk Electric Transmission Grid



Electric Transmission Needed to Meet 2025 Demand



Since 2000, 14 transmission lines have been built that physically cross state borders



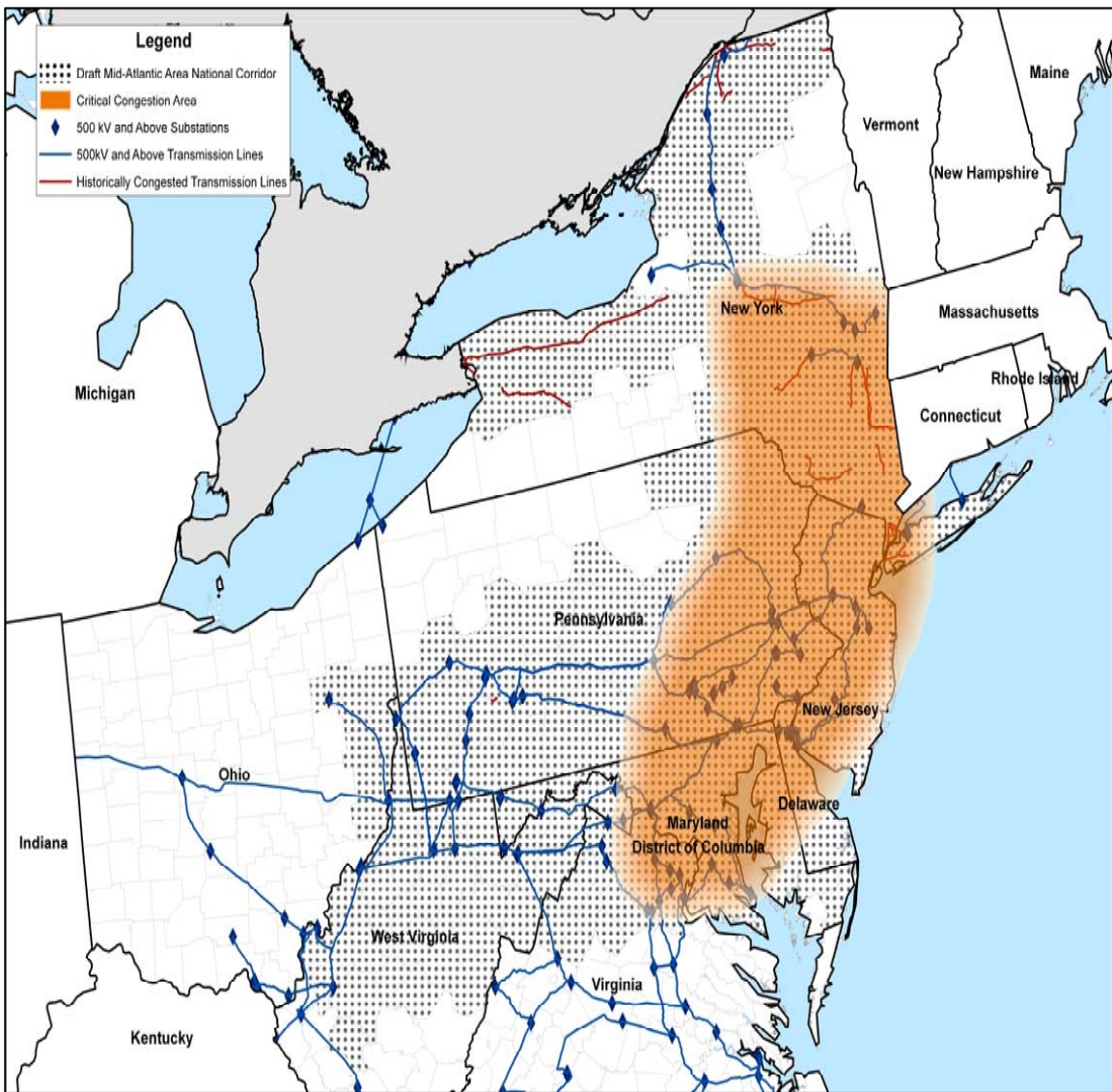
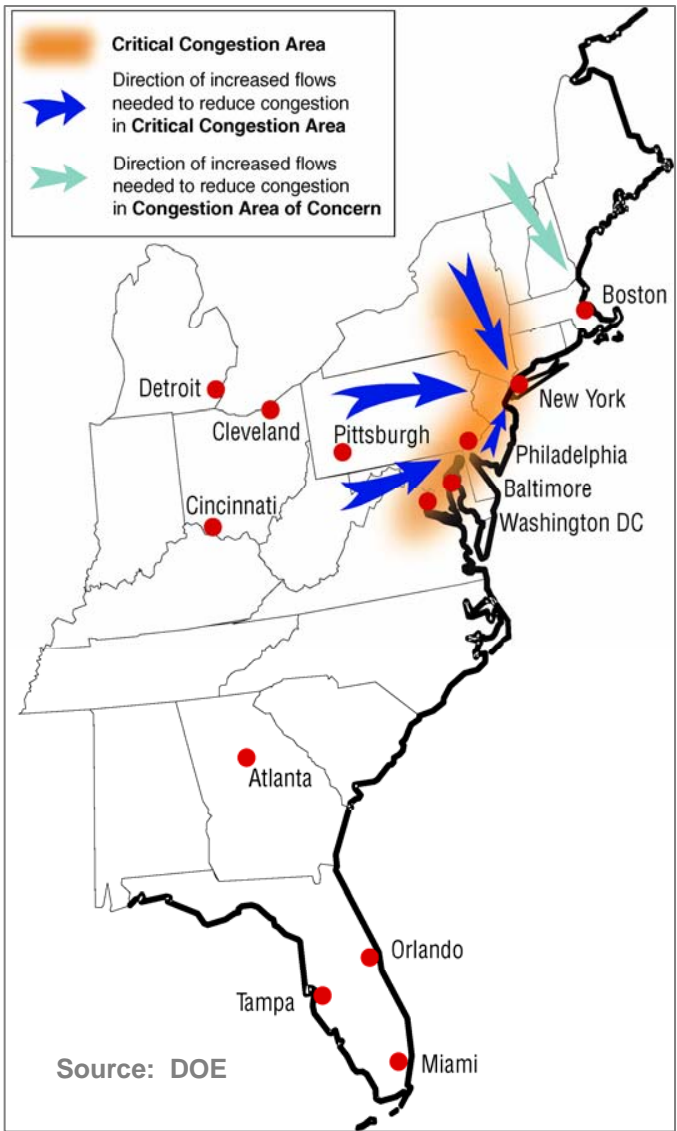
Sources: NERC Summer and Winter Assessments, WECC Existing Generation and Significant Additions and Changes to System Facilities Reports and FERC's Transmission Database

Meeting Tomorrow's Energy Needs

Provisions of section 1221 of the Energy Policy Act 2005

- ⇒ DOE issues national congestion study (August 2006)
- ⇒ DOE may designate National Interest Electric Transmission Corridors (NIETCs) following study completion (draft designation issued April 26, 2007)
- ⇒ Commission may issue a construction permit following corridor designation and statutory time periods

Results of DOE's Congestion Study and Draft Mid-Atlantic Corridor Designation



Commission's Transmission Siting Authority

The Commission is authorized to:

- ⇒ Issue construction permits only for facilities located in corridors designated by DOE**
- ⇒ Act as lead agency for environmental analysis**
- ⇒ Commission must find that proposed facilities meet specific statutory criteria**

Rulemaking

- ⇒ **Notice of proposed rulemaking (NOPR) issued June 16, 2006**
- ⇒ **Final Rule approved November 16, 2006**
- ⇒ **Order on rehearing issued May 17, 2007**
- ⇒ **Request for court review filed on July 10, 2007**

Permit Process - Pre-filing

In the pre-filing process the participants will:

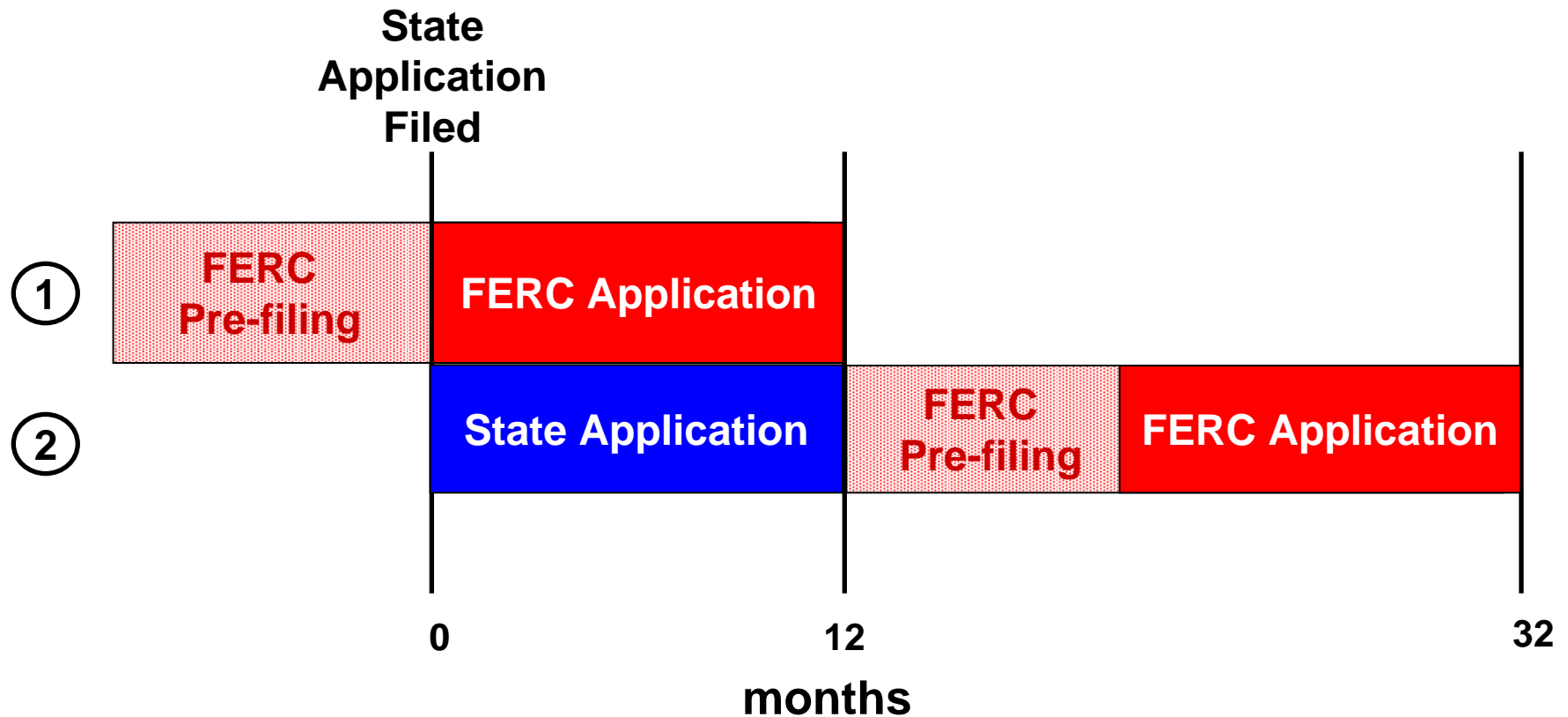
- ⇒ Implement a project participation plan to inform and to include states and other interested entities in the application process**
- ⇒ Gather information necessary to complete the application including information generated in a state proceeding**
- ⇒ Work to resolve issues at the local, state, and regional level**

Permit Process - Application

Following filing of an application FERC will:

- ⇒ Complete the environmental review process in consultation with affected state(s)
- ⇒ Coordinate all federal authorizations for the proposed facilities
- ⇒ Conduct a thorough evaluation of the record recognizing the input of the state(s)
- ⇒ Prepare an order on the merits
- ⇒ Decide on the application within one year as required by EPAAct

Permit Process - Timelines



- ① EAct would have allowed pre-filing to start prior to state application
- ② Final Rule addresses state concerns and allows pre-filing to begin 12 months after application is filed with state

Conclusions

- ⇒ **COMMUNICATION** between the project developers, stakeholders, the public as well as the state government and federal agencies is essential.
- ⇒ **CONSTRUCTIVE** debate on the difficult issues (e.g. siting, cost allocation) that can move parties from their entrenched position towards areas of common ground.
- ⇒ **COORDINATED** planning is necessary to develop our national transmission infrastructure, which in turn will reduce congestion and increase reliability.