May 17, 2012

Commissioner John R. Norris

STATEMENT

FEDERAL ENERGY REGULATORY COMMISSION

Docket No. RM10-23-001

Item No. E-1

Statement of Commissioner John R. Norris on
Rehearing of Transmission Planning and Cost Allocation Rule

"As I have been traveling the country and talking with the public about the Commission's work over this past year, Order No. 1000 has, understandably, been one of the biggest topics of discussion. I know that the Final Rule is viewed from many different perspectives, but it is clear that everyone sees it as a major rulemaking with significant implications for the future. Regions are now working their way through the process of structuring their compliance filings. My hope is that today's order provides entities that must comply and other stakeholders much needed guidance and certainty as they work through that process.

It is important to view Order No. 1000 in the broader context of the systemic changes confronting the transmission grid. We are at a crossroads with respect to our energy future. This is an important moment, one that is defined by rapid change and uncertainty. New resources are providing more and more of our generation mix. Natural gas is abundant and cheap. Industry is responding to multiple challenges, from the integration of renewables, to new mandatory reliability standards, to compliance with environmental regulations. This industry and all of us in it have a lot of on our plate.

I believe that how we respond will say a lot about us. Do we decide to work together and plan for the most efficient and cost-effective modern grid that responds to all of these challenges and meets regional needs in an open and transparent manner? Or, do we respond to these problems with disjointed planning that can lead to the construction of duplicative or inefficient solutions to meet regional needs, and ultimately result in higher costs for consumers?

Order No. 1000 is a call for those within each region to work together to find efficient and cost-effective solutions that meet that particular region's needs. We recognize that there should not be a one-size-fits-all solution so we allowed significant regional flexibility in meeting the requirements of the Final Rule. I see this as an essential element of this rulemaking.

Non-jurisdictional utilities are also looking carefully at the implications of Order No. 1000. Today's order responds to the issues these entities brought before us on rehearing and compliance. I encourage non-jurisdictional utilities to engage in the compliance process in their regions, and ultimately in the regional transmission planning process that result from the compliance process. Non-jurisdictional utilities are no less impacted by the profound changes in our energy system, and the enhanced regional planning Order No. 1000 will establish can greatly benefit these entities in managing this transition. Moreover, many of the regional transmission planning processes being contemplated would be severely impaired if they did not include non-jurisdictional entities. The bottom line is that we need each other to move forward. While today's order may not give non-jurisdictional

utilities all of the answers they were hoping for, I'm committed to continuing to work with such entities to find ways for them to meaningfully engage in the process and meet the needs of their customers.

Finally, I know that states are assessing what Order No. 1000 means for them. As a former state regulator, I understand the pressures that states are under to meet diverse needs within their own states. You are the ones on the ground in each of your states and you know best how to meet those needs. I believe that the Final Rule does not take anything away from your ability to do just that. Instead, it gives you more tools in your toolbox to accomplish your many goals. I heartily encourage states to utilize these tools and participate in the compliance process, and in the actual regional transmission planning processes that will follow. The states' input is essential to making this all work. I look forward to proposals from public utilities that would formalize a state role in these processes."