



March 31, 2015

Commissioner Philip D. Moeller

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket No. ER15-945-000

Joint Statement of Commissioners Philip D. Moeller and Tony Clark on ITC Midwest ROE Transco Adder

"This order marks the first time that the Commission has reduced a requested ROE Transco Adder, in this case from 100-basis points to 50-basis points. We cannot support this order because the majority has not based their decision to reduce the ROE Transco Adder for ITC Midwest on an adequate record.

"Although this order notes that ITC Midwest is a fully independent, stand-alone transmission company member of MISO and provides all of the benefits contemplated in Order No. 679, it nonetheless determines that ITC Midwest is not entitled to its requested 100-basis point Transco Adder. Transco incentives went unaddressed in the Policy Statement on Transmission Incentives,¹ and the majority has not provided any guidance as to what showing is necessary to support a 100-basis point adder moving forward.

"This order also sends the wrong message at a time when new regulations, such as the Clean Power Plan, will likely drive the need for more transmission investment. We also find it puzzling that the Commission would reduce transmission incentives for a Transco business model when it is just beginning to see the effects of competitive solicitation under Order No. 1000. These mixed messages from the Commission on the value of innovative business models and transmission investment decrease regulatory certainty at a time when it is most needed.

"Accordingly, we respectfully dissent."

¹ "In Order No. 679 and subsequent cases applying incentives policies, the Commission has addressed the granting of incentive ROEs that are not based on the risks and challenges of a project, such as incentive ROEs for RTO membership or Transco formation. With respect to aspects of the Commission's incentives policies not addressed in this policy statement, we decline to provide additional guidance at this time." *Promoting Transmission Investment Through Pricing Reform*, 141 FERC ¶ 61,129, at P 5 (2012).