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FERC Considering Cost Allocation Rulemaking

FERC Chairman Jon Wellinghoff said today that the commission “will consider” initiating a rulemaking on transmission cost allocation, one of the most contentious electricity policy issues facing the commission.

Speaking at a March 23 House Energy & Commerce Committee energy and environment subcommittee hearing on FERC oversight, Wellinghoff said he expects the commission will determine whether it will initiate a rulemaking on cost allocation within the next six months.

As the commission weighs whether to issue a rulemaking, Wellinghoff told reporters after the hearing, FERC will sift through thousands of comments on the issue in its Order 890 transmission planning docket. FERC is also awaiting filings to the commission from various RTOs laying out their regional cost allocation plans, particularly a filing from the Midwest ISO, which is due in July.

In response to questions on the commission’s cost allocation plans from Rep. Tammy Baldwin (D-WI), Wellinghoff said it “may be good to set out some general principles,” and added that “it is possible” that the commission will initiate a rulemaking. But Wellinghoff stressed that any FERC rulemaking would not be a “one-size-fits-all” approach and would respect various regional differences.

Industry stakeholders are closely watching FERC’s action on cost allocation, particularly because the Senate is preparing to take up legislation that is likely to contain a transmission title. The bill passed by the Senate Energy & Natural Resources Committee — parts of which may be included in a broader energy and climate bill being developed by three key senators — includes a controversial amendment authored by Sen. Bob Corker (R-TN) that would restrict FERC’s ability to allocate transmission costs regionally unless those costs are “reasonably proportionate to measurable economic and reliability benefits.”