



States Question Federal Incentives For Utility Transmission Construction

For Immediate Release

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HARTFORD –Attorney General George Jepsen and the Connecticut Public Utilities Regulatory Authority are challenging multi-million dollar “incentives” ordered by the Federal Energy Regulatory Commission – at the expense of utility ratepayers -- for the construction of new, high-voltage electric transmission facilities.

The comments, filed with FERC in Washington late Monday, were also endorsed by the Connecticut Office of Consumer Counsel, Attorneys General in Massachusetts, Rhode Island, New Hampshire, Delaware and Illinois; utility regulatory commissions in all the New England states, consumer representatives and municipal utilities. Connecticut’s congressional delegation also sent a letter in support.

FERC had asked for public comments about whether its policy of granting incentives for construction of new electrical transmission facilities is appropriate given changes in the electric industry and its “ongoing need to ensure that our incentives, regulations and policies are encouraging the development of transmission infrastructure.”

Jepsen said the incentives were overpriced, unnecessary and an unfair burden on consumers. “In recent years, New England has led the way in its commitment to investing in new transmission facilities. But New England consumers have been unfairly burdened by costly incentive rates added onto the already tremendous price tag for building those facilities – often in circumstances where the inducements were probably unnecessary and therefore wasteful,” Jepsen wrote.

Kevin DelGobbo, chairman of Connecticut’s Public Utilities Regulatory Authority, agreed. “FERC must carefully examine and improve the rules for awarding transmission incentive rates to achieve greater consumer benefits at lower costs. Under the current rules, too many projects that do not deserve incentive rate awards receive them,” he said.

“The rules for awarding incentive rates should be more goal-specific and more narrowly tailored to projects that meet specific criteria – such as projects that need incentive funds to support project economics, projects that use improved and innovative technologies, and projects that will provide substantial economic, electricity reliability and other benefits to consumers,” DelGobbo said.

Transmission owners, including Connecticut Light & Power Co. and United Illuminating Co. in Connecticut, recover their cost of investment through rates. Transmission projects necessary to upgrade the reliability of the electric grid in New England are determined by ISO-New England, the regional grid operator.

Assistant Attorneys General John Wright and Michael Wertheimer are handling this matter for Jepsen with Associate Attorney General Joseph Rubin. Assistant Attorney General Clare Kindall, Energy department head, is representing PURA.

The individuals and organizations endorsing the comments include: the Connecticut Office of Consumer Counsel; Joseph R. Biden, III, Attorney General for the State of Delaware; the Delaware Public Service Commission; the Public Advocate of Delaware; Lisa Madigan, Attorney General for the State of Illinois; the Maine Public Utilities Commission; Martha Coakley, Attorney General for the Commonwealth of Massachusetts; the Massachusetts Department of Public Utilities; the Massachusetts Municipal Wholesale Electric Company; the New England Conference of Public Utilities Commissioners; Michael A. Delaney, Attorney General for the State of New Hampshire; the New Hampshire Electric Cooperative, Inc.; the New Hampshire Office of Consumer Advocate; the New Hampshire Public Utilities Commission; the Rhode Island Public Utilities Commission and Division of Public Utilities and Carriers; Peter F. Kilmartin, Attorney General for the State of Rhode Island; the Vermont Department of Public Service; and the Vermont Public Service Board.

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