



WIRES

Voice of the Electric Transmission Industry



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FERC Dismisses WIRES Petition Urging Stable Equity Returns For Transmission Projects

WASHINGTON, DC – The Federal Energy Regulatory Commission (FERC) on September 16 **dismissed as moot** WIRES’ 2013 **Petition for Statement of Policy** (Docket No. RM13-18) on regulated rates of return for electric transmission investments. Citing its **Opinion No. 531**, which revised aspects of the Commission’s approach to setting returns, the Order essentially finds that subsequent actions taken on ROE complaints and application of the revised methodology in administrative litigation obviate the need for action on the Petition.

WIRES President, John Flynn of National Grid, said, “The Commission and the industry are in the process of balancing the risks and rewards of transmission infrastructure investment, and that is not always an easy exercise. The approach adopted under **Opinion No. 531** demonstrated that **FERC** did indeed recognize the continued importance of attracting capital to upgrade and expand high-voltage transmission because many of **WIRES’** concerns were addressed there. We are therefore heartened by the Commission’s adherence to its decisions in that Order, even though many issues related to transmission ROEs are subject to ongoing litigation instead of being resolved up front.”

WIRES Counsel Jim Hoecker commented that, “Regulators may be reluctant to make rate-related findings based on Petitions of this kind. **WIRES** had recommended that FERC institute a generic proceeding that would bring to light important information about the risks of transmission development in the **Order No. 1000** environment and make policy more certain for the long term. Instead, I fear that the holdings of **Opinion No. 531** will now be reargued in other cases.

“Since the time of our filing, the need for continued high levels of such infrastructure investment has only been accentuated by EPA’s Clean Power Plan, as well as concerns about climate change, reliability, and the uncertain fate of interregional transmission planning,” Hoecker added. “The downward pressure on ROEs has increased since **Opinion No. 531**, as have the uncertainties of ongoing litigation. If other investments become more attractive to investors than transmission, the long-term impacts on the CPP, renewable energy development, and the Commission’s pro-market objectives could be significant.”

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WIRES is a non-profit trade association of investor-, publicly-, and cooperatively owned transmission providers, transmission customers, regional grid managers, and equipment and service companies. WIRES promotes investment in electric transmission and progressive State and Federal policies that advance energy markets, economic efficiency, and consumer and environmental benefits through development of electric power infrastructure. For more information, visit www.wiresgroup.com or contact Jim Hoecker at 202-378-2316.