

**COMPETITIVE TRANSMISSION DEVELOPMENT
FERC TECHNICAL CONFERENCE: DOCKET NO. AD16-18-000**

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**Statement of Heather Hunt
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New England States Committee on Electricity**

Good afternoon and thank you for the opportunity to participate in this important conversation. The New England States Committee on Electricity or NESCOE is the regional state committee for New England. NESCOE's comments today reflect the collective views of the six New England states. Given FERC staff's request to keep this statement brief—and that this is the last panel of a two-day conference—these opening remarks are short. NESCOE's more detailed views are in our pre-technical conference comments.

Today, we highlight several for the Commission's consideration:

1. Since the rulemaking preceding Order 1000, NESCOE has strongly supported the Commission's efforts to establish meaningful competition in transmission development and appreciates the Commission's continued focus on this objective as implementation commences.
2. NESCOE understands that cost containment is complex. Various approaches could result in unintended consequences, and so implementation details require careful deliberation. At the same time, NESCOE is encouraged by the heightened attention to cost discipline and containment as a central and inseparable element of any selection process for transmission infrastructure.
3. New England recognizes the value of transmission infrastructure. New England consumers have invested over \$7 billion in reliability projects over the last 15 years. Another \$5 billion in reliability projects is on the horizon. The benefits of transmission infrastructure come at a cost, and especially in New England: New England consumers pay more as a percentage of their monthly bills for reliability-based transmission than do consumers in any other regional transmission organization region.

4. Cost control mechanisms, which are not part of the historic approach to transmission development, would give consumers confidence in the competitive process and safeguards against escalating costs. Without them, consumers have little recourse against cost increases relative to estimates - more the norm than the exception - and, of course, no ability to turn back the clock and select an alternative way to satisfy the need.
5. As New England has not yet commenced a competitive transmission process due to the sequence of compliance orders, NESCOE is interested in the collective perspective and experience of the Commission, Commission staff, other regions, and participants in competitive processes to date. NESCOE is especially interested in understanding whether and how other regions have identified sensible ways to capture the benefits of competitive processes for projects needed in the relative near-term.
6. Specifically, New England's tariff has a competition carve-out or exemption for reliability projects needed within three years. Because reliability is paramount, NESCOE supported the three-year carve out (over an alternative five-year carve out). However, as details of the implementation and study process emerge, it is foreseeable and indeed likely that the three-year carve out will mean that *all* reliability needs in New England will be met with time-sensitive projects exempt from competition. Consumers would thus lose the benefit of competition and associated cost control mechanisms. NESCOE understands the complexities of competitive processes, the costs required to execute them and, again, that reliability is paramount. Against that backdrop, NESCOE is interested in how other regions are integrating competitive processes with the need for some reliability projects to be completed in the near term and how cost discipline can be best achieved for those projects exempt from competition.

Thank you for the continuing conversation opportunity. NESCOE hopes the information exchange will assist New England in sorting through how to advance cost control mechanisms and how near-term reliability needs can be achieved in a way that is sensible, and should New England remain on the current path, how to import some cost discipline into the traditional transmission development process.. NESCOE appreciates the opportunity to work with the Commission on these critical issues.