



Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

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January 10, 2013

The Honorable Jon Wellinghoff
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

The Honorable Cheryl A. LaFleur
Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

The Honorable Philip D. Moeller
Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

The Honorable Tony Clark
Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

The Honorable John R. Norris
Commissioner
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: Docket No. RM11-26-000 – Promoting Transmission Investment through Pricing Reform

Dear Chairman Wellinghoff and FERC Commissioners:

Thank you for initiating the inquiry and issuing a new policy statement dated November 15, 2012 regarding the evaluation and application of financial incentives for new transmission investments. With the significant and costly expected additions to the transmission system in the years ahead, the new guidance is a timely improvement to the prior policy in determining whether projects are non-routine or high risk. We believe the application of the new policy with a more rigorous application of the “nexus test” will better discipline the awarding of incentives for the benefit of all consumers.

The Industrial Energy Consumers of America (IECA) is a nonpartisan association of leading manufacturing companies with \$1 trillion in annual sales, over 900 facilities and 1.3 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, brewing, cement, agricultural equipment, and auto.

The new policy statement requires applicants to demonstrate that their projects use innovative technologies or have some other characteristics that create greater risk before they can request an incentive ROE adder. It also requires applicants to demonstrate that they have taken all other steps to reduce risk before any such incentive is awarded. This is exactly the process that is needed to ensure that incentives are only granted in situations where projects truly have greater entrepreneurial or technical risk that is not ameliorated through other means.

We sincerely thank you for developing this new policy statement and look forward to more robust incentives management for new transmission projects in the future.

Sincerely,

Paul N. Cicio
President

cc: The Honorable Ron Wyden
The Honorable Lisa Murkowski
The Honorable Fred Upton
The Honorable Henry Waxman