of all facilities for the transmission of electric energy in interstate commerce, regardless of the ownership of the facilities;

''(2) **provide a return on equity that attracts new investment in transmission facilities** (including related transmission technologies);

''(3) **encourage deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the facilities**; and

''(4) allow recovery of—

> ''(A) all prudently incurred costs necessary to comply with mandatory reliability standards issued pursuant to section 215; and
>
> ''(B) all prudently incurred costs related to transmission infrastructure development pursuant to section 216.[67]

In FERC Orders 679 and 679-A, released in 2006, the FERC adopted a wide range of incentives to encourage transmission investment. These incentives included the ability for a transmitter to include 100% of CWIP in rate base, ROE premiums for plant additions resulting from some projects, accelerated depreciation, full cost recovery for abandoned facilities and pre-operation costs, and cost tracking for individual projects. In addition, ROE premiums were permitted for transmitters who joined or remained in an RTO or ISO.

In this framework, a transmission operator would need to file an application and show that the requested incentives were appropriate. These applications could also be tied to a request by a transmitter to switch from a fixed rate adjusted only in a rate proceeding to a formula rate that is updated annually. Between 2006 and 2012, the FERC reviewed more than 80 applications for transmission incentives related to proposed projects.

[67] Energy Policy Act of 2005, Title XII, Sec. 1241 (b).