



Order No. 1000

Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities

Staff Informational Conference on the
Compliance Process

September 12-13, 2011

Order No. 1000

- Planning Requirements
- Nonincumbent Developer Requirements
- Interregional Coordination
- Cost Allocation Requirements

Path to Compliance

- Defining the Planning Region
- What the Region Will Plan For
- How the Planning Process will be Performed
 - Developing the Process
 - Proposing a Project
 - Allocating Costs
- Interregional Coordination & Cost Allocation
- Compliance Due Dates

Defining the Planning Region

- Need to have a well-defined region
 - Need to know who is in and who is out
 - A well-defined region is necessary to know adjacent regions for purposes of interregional coordination
- Need a process to make decisions in the region

What the Region Will Plan For

- Regional planning process must produce a regional plan
 - How will the region identify and evaluate what it will be planning for, whether for reliability, economic, or public policy?
 - How will the process to determine which objectives to study be formulated?

How the Planning Process Will be Performed

- Process must satisfy principles established in Order No. 890
 - Coordination, Openness, Transparency, Information Exchange, Comparability, Dispute Resolution, and Economic Planning
 - No additional requirements for each principle
- Use experience from Order No. 890 compliance filings

Addressing the Planning Principles

- Regions have flexibility in developing procedures by which they will identify and evaluate solutions that are more efficient or cost effective
- Yardstick for Commission evaluation will include our experience with Order No. 890 and precedent regarding compliance with the Order No. 890 principles

Planning for Public Policy Requirements

- Establish procedures to identify and evaluate transmission needs driven by Public Policy Requirements (PPRs) established by state or federal laws or regulations
- Post an explanation of which PPRs will and will not be evaluated for potential solutions in the local and regional transmission planning processes
- Requires opportunities for stakeholder participation in transmission planning process

Public Policy Requirements

- Allows for flexibility to design the procedures
- Not requiring the identification of any set of transmission needs driven by PPRs
- Does not change the role of states with respect to PPRs
- Allows for, but does not require, a separate class of transmission facilities related to compliance with PPRs

Procedures for Public Policy Requirements

- How will the process be developed to identify transmission needs driven by PPRs?
- How will the process be developed to evaluate potential solutions?
- How will any proposed solutions be attributable to applicable PPRs?

Nonincumbent Transmission Developers

- Eliminate provisions that establish a federal right of first refusal, with certain exceptions
- Develop a regional process for transmission project submission, evaluation and selection
- Compliance will need to include:
 - Qualification Criteria
 - Submission Requirements
 - Evaluation Procedures

Establish Qualification Criteria

- How will the process be developed to establish an entity's eligibility to propose a transmission project?
- Criteria may not be unduly discriminatory or preferential
- Criteria should be used to demonstrate financial resources and technical expertise
- Criteria can address a range of issues

Submitting Proposals

- How will the process be developed to identify the information a qualified entity must submit?
- Must be fair; neither too cumbersome nor too relaxed
- Must have a due date for proposals

Evaluating Proposals

- How will the process be developed to create evaluation procedures that comply with transmission planning principles?
- Process must culminate in a sufficiently detailed determination
- Identify procedures to reevaluate if delayed
- Incumbents and nonincumbents must have same eligibility to use cost allocation

Interregional Coordination

- Each pair of neighboring planning regions must:
 - Share information regarding the respective needs of each region and potential solutions to those needs
 - Identify and jointly evaluate interregional facilities that may be more efficient or cost-effective solutions to those regional needs
- If regions identify interregional facilities, the relevant portions must then be selected in each region's planning process to be eligible for cost allocation

Interregional Coordination Requirements

- Develop procedures for sharing information
- Implement procedures and describe the methods by which neighboring regions will identify and jointly evaluate transmission facilities that are proposed to be in both regions
- Exchange planning data and information between neighboring transmission regions
- Maintain a website or email list for the communication of information

Regional Cost Allocation

- How will the process develop a common method, or set of methods, for allocating costs of regional transmission facilities?
- The cost allocation method must satisfy six cost allocation principles
- Regions may develop regional cost allocation methods for different types of projects (reliability, economic, public policy)

Interregional Cost Allocation

- How will the process develop a common method, or set of methods, for allocating costs of regional transmission facilities?
- The cost allocation method must satisfy six cost allocation principles
- To be eligible for interregional cost allocation, each facility must be selected in each regional plan
- Different interregional facilities may have different cost allocation methodologies

Cost Allocation Review

- No one-size fits all method
- If a region cannot agree on a cost allocation method, the Commission will decide based on the relevant record
- Participant funding is permitted, but it cannot serve as the regional cost allocation method

Compliance Dates

- Compliance with Regional Transmission Planning Requirements – October 11, 2012
- Compliance with Interregional Transmission Planning Requirements – April 11, 2013

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