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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