

FERC Order 890: Development of Transmission Planning “Strawman”

By
John P. Buechler

ESPWG Meeting
March 14, 2007
Albany, NY

Background

- Order 890 is FERC's Final Rule on Open Access Reform
- Applies to all jurisdictional public utilities—including ISOs and RTOs
- Adopts a number of modifications to the *pro-forma* OATT originally adopted in Order 888
- Requires compliance with 9 Planning Principles
- ISO/RTO (and TO members of ISOs/RTOs) Compliance filings due 210 days from publication in Federal Register (October, 2007)

Potential Issues for Clarification/ Rehearing

- Imposition of penalties on ISO/RTOs for late studies re: transmission service requests
 - *NOPR proposed to exempt ISO/RTOs from such penalties*
- **ATC Requirements**
 - *FERC should require NERC/NAESB to recognize the unique characteristics of ISO/RTO LMP markets when developing ATC methodologies and business rules*
- **Economic Planning**

Transmission Planning

- FERC has adopted nine “Planning Principles” that apply to all public utility transmission providers—including ISOs and RTOs
- FERC has acknowledged that ISOs/RTOs already have FERC approved planning processes that are more open and transparent than non-ISO regions and that its intent is “not to re-open prior approvals”
- Final Rule requires all TO members of ISO/RTOs to participate in the planning process that meets the FERC principles
- FERC indicates its expectation that non-public TOs will also participate

Draft - For Discussion Only

FERC's Procedural Schedule for Transmission Planning

- ISO/RTOs to work with stakeholders to develop a "Strawman" proposal for compliance with each of the Planning Principles
- "Strawman" to be posted on OASIS within 75 days of Federal Register publication of Final Rule (mid-May)
- FERC will hold regional Technical Conferences within 90-120 days of publication (June)
- Compliance filing due in 210 days (October)

NYISO's Proposed Approach

- Work with ESPWG to develop planning “Strawman”
- Demonstrate that NYISO's CRPP already meets six of the FERC planning principles:
 - *Coordination; Openness; Transparency; Information Exchange; Comparability; Dispute Resolution*
- CRPP also meets the following principles for reliability needs:
 - *Regional Participation; Cost Allocation (in principle)*
- Develop a process to address the Economic Planning Principle
 - *Including Regional Participation and Cost Allocation*

Proposed Approach (Cont'd)

- Begin with NYISO's Economic Planning Strawman that was approved by the OC in February '05
- Need to flesh out the process for providing future estimates of congestion
- Develop a process for prioritization & selection of congestion studies which are of most value to MPs
 - *To include studies for the "integration of new generation resources on a regional basis"*
 - *Identification of potential solutions*
 - *Develop a process for "additional studies"*
- Address cost allocation principles for economic projects
- Address NYISO resource requirements/limitations

Draft - For Discussion Only

Proposed ESPWG Meeting Dates

- March 14* - Outline approach; solicit input
- Week of March 26 - Discuss comments; focus on economic planning issues
- April 5* - NYISO presents "Strawman" for economic planning; draft responses to other principles
- April 16 - Discuss comments/revise Strawman
- May 3* - Review Revised Strawman
- May 15 - Finalize/post Strawman

* Note: Previously scheduled meeting dates

Draft - For Discussion Only



Appendix:

**NYISO's Approved Economic
Planning Strawman**

Draft - For Discussion Only



NYISO's Approved Economic Planning "Strawman"

- Initially presented to ESPWG in November 2004
- Approved by the OC in February 2005
- Accepted by FERC in June 2005
- Expanded reporting of historic congestion
 - *Quarterly postings on NYISO website (In Place)*
 - *Track congestion by key constraints (In Place)*
 - *Perform "what-if" analysis*
 - *Report on other economic parameters*
- Focus on enhanced market-based initiatives
 - *Analyze performance of all NYISO markets*
 - *Identify areas for improvement*
 - *Pursue improvements through NYISO committee process*

Draft - For Discussion Only

NYISO “Strawman” (Cont’d)

➤ Future estimates of congestion

- *Based upon CRPP 10-year planning horizon*
- *Assumptions developed in an open transparent process*
- *Perform “what-if” analyses for various scenarios*
- *Publish results with appropriate assumptions & caveats*

➤ NYISO analysis of proposed upgrades

- *To ensure reliability (CRPP & Interconnection Process)*
- *Cost allocation for System Upgrade Facilities (Attachment S)*
- *TCC allocation*
- *Eligibility for Unforced Capacity Deliverability Rights (UDRs)*

NYISO “Strawman” (Cont’d)

➤ The NYISO does NOT:

- *Determine a threshold for congestion that requires a specific action*
- *Propose solutions*
- *Draw any conclusions pertaining to the potential economics of a proposed upgrade*
- *Perform cost/benefit analysis*
- *Perform cost allocation analysis*
- *Mandate solutions*