

**Order 1000 Interregional Planning Compliance Filing**  
**Summary of FERC Order Approving Filing (May 14, 2015)**

**Overview**

Yesterday afternoon, FERC issued the attached order in response to the joint Order 1000 interregional planning compliance filings made by the NYISO, PJM and ISO-NE in July 2013. The order found that the joint compliance filings largely complied with the Order 1000 interregional planning coordination and cost allocation requirements. The order directed the filing parties to submit further compliance filings within 60 days to address a small number of items.

**Filing**

In the filing, NYISO, PJM and ISO-NE proposed joint revisions to the Northeastern ISO/RTO Planning Protocol (“Planning Protocol”) and related revisions to their individual tariffs and agreements. The revisions provided additional procedures whereby the ISOs and RTOs, together with interested stakeholders, will identify potential transmission projects that are physically located in at least two regions. Such projects could be built to address reliability, economic or public policy transmission needs if all of the regions involved agree to include the interregional transmission projects in their regional transmission plans. If so, the costs of the transmission project would be allocated to each region based upon the ratio of the avoided costs to each region of building regional solutions to the needs of each region. The costs allocated to each region would then be allocated to their customers using the applicable regional cost allocation methodology. NYISO and PJM also proposed revisions to their Joint Operating

Agreement to provide for an enhanced coordination process between both regions with regard to the impact of a transmission project located entirely in one region on the other region. The NYISO, together with the New York Transmission Owners, also filed revisions to the regional planning process to integrate interregional planning processes and projects.

### **Highlights of the Order**

FERC found that the amended Planning Protocol complies with the Order 1000 requirements that neighboring public utility transmission providers coordinate transmission planning with each other, and noted that IESO, TransEnergie and New Brunswick Power had agreed to participate in the protocol voluntarily. FERC accepted the revised protocol effective as of the July 10, 2013 filing date, and accepted the NYISO's tariff changes effective January 1, 2014. FERC rejected protests by public interest organizations alleging that the planning protocol did not provide sufficient opportunities for participation by interested parties and did not provide transparency.

FERC accepted the avoided cost interregional cost allocation methodology. FERC rejected a protest to this methodology by Con Edison, O&R, LIPA, and NYPA, who had argued that the methodology could result in a situation in which the costs of the interregional project is more expensive than the sum of the regional projects it displaces. FERC found that it is unlikely that an interregional transmission facility that would cost significantly more than the combined costs of displaced regional transmission projects would be selected in each region.

PJM and FirstEnergy Transmission Owners protested the NYISO's filing in part and asked FERC to direct the NYISO and PJM to amend their Joint Operating Agreement to provide for coordination among the RTOs of the development of transmission inter-ties that would connect one region to its neighboring region, where such transmission facilities are not

interregional transmission facilities proposed to be located in both neighboring regions. FERC denied the protest and determined that Order 1000's interregional transmission coordination requirements apply only to interregional transmission facilities that are proposed to be located in neighboring transmission regions. FERC stated that it would not direct PJM and NYISO to coordinate the development of direct interconnections between the two regions if needed for reliability, and that interconnection issues were beyond the scope of Order 1000. Nevertheless, FERC stated that PJM and NYISO should continue to work together to address the issues, and reiterated its "concerns that the lack of coordinated transmission planning processes across the seams of neighboring transmission planning regions could be needlessly increasing costs for customers of transmission providers."

### **Directives Applicable to the NYISO**

FERC found that it was unclear where and when in the NYISO's process a stakeholder can propose an interregional transmission facility and directed the NYISO to revise its tariff to explain how a stakeholder may propose an interregional transmission facility for joint evaluation. The Commission directed the filing parties to amend the Planning Protocol to replace "more efficient *and* cost-effective" with "more efficient *or* cost-effective." Finally, FERC directed the filing parties to clarify how an interregional transmission facility can "otherwise" be identified as the term "otherwise" is used in Section 7.3 of the Planning Protocol. The Commission also directed PJM and ISO-NE to make minor amendments to their tariffs.

### **Next Steps**

The NYISO will coordinate with PJM, ISO-NE, and the New York Transmission Owners with regard to its further compliance filing and in the development of additional procedures and an implementation schedule.