

Order 1000 Interregional Planning: FERC Compliance Order

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**ESPWG/IPTF Meeting
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OVERVIEW

- ◆ **Background**
- ◆ **Order 1000 Interregional Requirements**
 - *Planning*
 - *Cost Allocation*
- ◆ **Northeast Compliance Filings**
 - *July 2013*
- ◆ **FERC Compliance Order**
 - *May 2015*
- ◆ **Further Compliance Filings**
 - *Due July 13, 2015*

Background

- ◆ **FERC Order 1000: Final Rule on Transmission Planning & Cost Allocation**
 - *Issued on 7/21/11 (Docket RM10-23-000)*
 - *Builds on the requirements of Order 2000 and Order 890*

- ◆ **Key Provisions**
 - *Establishes a Regional Planning requirement for all FERC jurisdictional Transmission Providers*
 - *Requires a public policy transmission planning process*
 - *Requires comparable treatment for incumbents & non-incumbents*
 - *Requires an expanded interregional planning process*
 - *Establishes six principles for regional and interregional cost allocation*
 - *Requires cost allocation methodology for planned regional and interregional projects*

Interregional Planning

- ◆ **Each transmission provider must develop further procedures with each of its neighboring regions within its Interconnection, including:**
 - A formal procedure for the “identification and joint evaluation of interregional facilities that may be more efficient or cost effective solutions to regional needs”
 - Data sharing & transparency
- ◆ **Separate interregional planning agreements are not required**
 - *An interregional “plan” is not required*
- ◆ **Multilateral or interconnection-wide planning is encouraged**
- ◆ **An interregional stakeholder process is encouraged**
- ◆ **Procedural Framework Under the Final Rule:**
 - *A developer must first propose an interregional project in each regional planning process*
 - *The interregional evaluation must be conducted in the “same general timeframe” as the regional evaluations*
 - *An interregional project must first be selected in each of the regional planning processes in order to receive inter-regional cost allocation*

Interregional Cost Allocation

- ◆ **Transmission providers in each pair of neighboring regions to develop a mutually agreeable cost allocation methodology for a transmission facility located in both regions**
- ◆ **Multi-lateral cost allocation is encouraged—but not required**
- ◆ **Final Rule does not propose a uniform methodology**
 - *Interregional cost allocation methodology may be different from the respective regional methodologies*
 - *Cost allocation for a region's share of an interregional facility may differ from the cost allocation for a regional facility*
- ◆ **All proposals must satisfy Six Interregional Cost Allocation Principles**

Interregional Cost Allocation

Order 1000 Six Cost Allocation Principles:

- ◆ **Cost allocation to be “roughly commensurate” with estimated benefits**
- ◆ **No costs allocated to those who receive no benefits**
- ◆ **B/C threshold, if used, may not exceed 1.25**
- ◆ **Costs may be assigned only to regions where the facility is located**
 - *Costs cannot be assigned involuntarily to a region in which the facility is not located*
- ◆ **Transparent and documented process**
- ◆ **Different allocation methodologies allowed for different types of facilities (i.e. – reliability, economic, public policy)**

Compliance Filings Based on the Northeast Protocol

- ◆ **The Northeast ISO/RTO Planning Coordination Protocol already met many of the Interregional Planning requirements of the Final Rule**
 - *Some modifications/clarifications were made to comply with Order 1000's procedural framework (new Section 7), and data sharing requirements (modified Section 3)*
 - *Revisions to individual Tariffs were also needed—primarily to incorporate an interregional cost allocation methodology*

- ◆ **Existing provisions which exceed Order 1000 requirements were retained, including:**
 - *The existing interregional stakeholder process (IPSAC)*
 - *Periodic issuance of the Northeast Coordinated System Plan (NCSP)*
 - *Coordination of interconnection and transmission service requests*

Northeast Compliance Filings

- ◆ **Northeast ISO/RTOs prepared modifications to the existing Northeast Protocol to address Order 1000 requirements**
- ◆ **Interregional cost allocation was developed in consultation with the Transmission Owners in each region**
- ◆ **Stakeholder input was discussed through numerous IPSAC and regional stakeholder meetings**
- ◆ **Compliance filings were made by ISO-NE, NYISO and PJM as well as the TOs in each region on July 10, 2013**

FERC Compliance Order

- ◆ Issued on May 14, 2015
- ◆ Accepted the Northeast July 10, 2013 filings
 - *Subject to further compliance filings due by July 13th*
- ◆ The Amended Northeast Protocol was accepted – with certain clarifications
- ◆ Cost Allocation was found to be fully compliant with the six Order 1000 Principles
- ◆ NYISO, PJM and ISO-NE were required to revise their tariffs to provide minor clarifications

Further Compliance Filings


- ◆ **Revise the Northeast Protocol**
 - *To conform terminology to Order 1000 requirements (i.e. – “..more efficient or cost effective..”*
 - *To clarify how an interregional facility can be identified under Section 7.3 of the Protocol*
- ◆ **Revise NYISO Tariff**
 - *To explain how a stakeholder in a regional planning process may propose an interregional transmission project for joint evaluation under the Protocol*
- ◆ **Revise ISO-NE & PJM Tariffs**
 - *To provide consistent definitions across the three regions*
 - *To explain how a developer may propose an interregional transmission project for joint evaluation*
 - *To include other minor conforming revisions*
- ◆ **Multiple filings will be made—as in July 2013**

Proposed Tariff Revisions*

- ◆ **Northeast Protocol**
 - *Sections 7.1 & 7.3*

- ◆ **NYISO OATT, Attachment Y**
 - *Section 31.2.4.2 – reliability planning*
 - *Section 31.3.2.4 – economic planning*
 - *Section 31.4.3 – public policy planning*

*NOTE: Draft tariff language provided separately



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