FERC Order 1000:
Interregional Planning
Implementation Update

IPSAC WebEx

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Overview

• Order 1000: Background
• Summary of Order 1000 Interregional Planning Requirements
• Northeast ISO/RTO Compliance Filings
• Implementation Challenges
• Next Steps
Order 1000 Background
The Road to FERC Order 1000

- FERC Order 888 - 1996
  - Open Access

- FERC Order 2000 - 2000
  - Formation of RTOs

  - FERC Backstop Transmission Siting Authority
  - FERC Incentive Rates for Transmission

- FERC Order 890 - 2007
  - Regional Planning
  - Economic Planning

- FERC Order 1000 - 2011
  - Regional planning & cost allocation revisited and made mandatory
  - Mandatory interregional planning & cost allocation
  - Added transmission planning to achieve public policy goals
  - Elimination of right-of-first-refusal (ROFR) for incumbent TOs
Order 1000: 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
Summary of Order 1000
Interregional Requirements
Planning

• Each transmission provider must develop further procedures with each of its neighboring regions within its Interconnection
  – Final Rule identifies a number of specific requirements, including:
    • Data sharing on a regular basis—at least annually
    • Sharing of information on regional needs and potential solutions
    • A formal procedure for the “identification and joint evaluation of interregional facilities that may be more efficient or cost effective solutions to regional needs”
    • Transparency – post information on a website

• Separate interregional planning agreements are not required
  – An interregional “plan” is not required

• Multilateral or interconnection-wide planning is encouraged—but not required

• An interregional stakeholder process is encouraged

• Jurisdictional entities to attempt to develop interregional coordination procedures with neighbors in another country
Planning, cont.

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
  – FERC declines to set a specific timeline and leaves that to the regions

• An interregional project must first be selected in both of the regional planning processes in order to receive inter-regional cost allocation
Interregional Cost Allocation

General Requirements:

• 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
Northeast ISO/RTOs Compliance Filings
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

• Our Canadian neighbors expressed their willingness to continue participation in interregional planning activities taking place under the Protocol
Northeast Compliance Activities

• 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
  – Beginning in November 2011

• Compliance filings were made by ISO-NE, NYISO an PJM as well as the TOs in each region on July 10, 2013

• Still awaiting FERC approval
Implementation Challenges
Implementation Challenges

• Implementation of changes to regional planning in parallel with changes to interregional planning
  – Regional planning is the foundation for interregional planning under Order 1000
  – Order 1000 requires significant changes to the ISO/RTOs’ regional planning processes

• Reconciliation of differences in regional practices and assumptions

• Synchronization of interregional planning timeline with regional planning cycles

• Development of selection procedures for the “more efficient or cost effective transmission project”
Next Steps
Next Steps

• While awaiting FERC approval of Order 1000 compliance filings, ISO-NE, NYISO and PJM are examining ways to improve interregional planning processes and procedures.

• New Section 7 of the Protocol may require process modifications in the following areas:
  – Review of regional needs and solutions
  – Data & information exchange
  – Joint analysis and consideration of potential interregional transmission projects
  – Coordination of regional consideration of interregional transmission projects