

FERC Order 890

Regional Planning Strawman Proposal

Planning Advisory Committee/Order 890 Working Group
May 16, 2007

FERC Order 890

- Intent of Order
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Intent of Order

- To remedy opportunities for undue discrimination and address deficiencies in the *pro forma* OATT that have become apparent since the issuance of orders 888 and 889

Aspects of Order Impacting New England

- Greater Consistency and Transparency of ATC Calculations
 - Order 890 does not provide a formula for ATC
 - Public utilities, working through NERC and NAESB processes must improve the consistency and transparency of ATC calculation methods
- Coordinated, Open and Transparent Transmission Planning on both Local and Regional Level
 - Requires a more open, transparent, and inclusive planning process than FERC feels is occurring under the current OATT regime
 - Requires all transmission providers to file a new attachment to their OATT containing their transmission planning process

Aspects of Order Impacting New England, cont.

- The transmission planning process must follow Nine Transmission Planning Principles.
 - Coordination
 - Openness
 - Transparency
 - Information Exchange
 - Comparability
 - Dispute resolution
 - Regional Coordination
 - Economic Planning Studies
 - Cost Allocation

Major Deadlines

- Order 890 Effective Date 5/14/07
- Posting of Planning Process Strawman by 5/29/07
- Engage in ATC related discussions at NERC/NAESB
 - Comply on posting requirements by 07/13/07, 10/11/07
 - Comply on methodology (Attachment C to OATT) by 10/11/07
- Other NERC/NAESB action requiring compliance
 - NERC to modify its ATC-related reliability standards within 270 days
 - Utilities and NAESB to develop business practices within 360 days
 - NERC/NAESB to file a workplan by 6/13/07
 - ISO to file any necessary amendments to the OATT within 60 days of process completion (beyond October 07)

Major Deadlines, cont.

- Quarterly reporting of Performance Metrics associated with studies done for Transmission Service Requests (beginning July 2007)
- OATT Filing - Rates, Terms and Conditions (July 2007)
- OATT Filing - Non-Rates, Terms and Conditions (October 2007)

Coordinated Approach

- Coordination Team formed with 205 Rights Holders and NEPOOL Counsel
 - Interpret Order and identify requirements and ownership
 - Agree on approach for compliance with a goal of a joint filing
- Transmission Committee (TC) Working Group formed
 - Consists of TC reps as well as New England regulators
 - Cheryl Ruell, ISO-NE, Group Chairperson
 - Group to review and comment on any material the TC will be required to act on at their August 2007 meeting

External Stakeholder Review

- FERC requires open meeting to comment on Planning Process Strawman
 - PAC Members, RC Members, TC Members and Regulators invited to today's meeting
- FERC Technical Conferences – June 2007
- NEPOOL Committee review and support – through September 2007

Planning Principle 1: Coordination

Requirements:

- Process should allow for “*reasonable and meaningful opportunity to meet and interact meaningfully with transmission customers, neighboring transmission providers, affected state authorities and stakeholders.*” (PP 445, 451)
- Requirement could be met through “*the formation of a permanent planning committee made up of itself, its neighboring transmission providers, affected state authorities, customers, and other stakeholders.*” (P452)

Planning Principle 1: Coordination

ISO-NE Compliance:

- Any entity, including state agencies and state committees, may designate a member to the PAC.
- Agreements are in place to improve coordinated planning with neighboring systems.
- ISO-NE and TOs Planning Excellence initiatives shall improve the efficiency and effectiveness of the planning process to allow for meaningful involvement and input from interested parties earlier in time.

Planning Principle 2: Openness

Requirements:

- Transmission Planning meetings must be open to all affected parties, including all transmission and interconnection customers and state authorities. (P 460)
- Transmission Providers must develop mechanisms to ensure that confidentiality and CEII concerns are adequately addressed. (P 460)

Planning Principle 2: Openness

ISO-NE Compliance:

- ISO-NE's Planning Process consists of open and transparent planning meetings with steps taken to protect CEII and market-sensitive information.
- Additional steps will be investigated to further enhance the protection of CEII and market-sensitive information.

Planning Principle 3: Transparency

Requirements:

- Transmission Planners (TPs) must put underlying transmission methodology in writing and disclose the data used to develop their transmission plan. (P 471)
- TPs must make available information regarding the status of upgrades identified in their transmission plans as well as underlying plans and studies. (P 472)
- Safeguards must be implemented to guard against inappropriate disclosure of confidential or CEII data and address Standards of Conduct concerns. (P 475)
- Demand Resources “*should be permitted to participate in the process on a comparable basis.*” (P 479)

Planning Principle 3: Transparency

ISO-NE Compliance:

- OATT Attachment N describes categories of data and factors reviewed when studying upgrades to address Reliability and Market Efficiency needs on the regional transmission system.
- ISO-NE Planning Procedures (PPs) provide more information on the manner and detail of the data used to conduct transmission system studies.
- A formal update of the Regional System Plan (RSP), including the status of projects, is provided to PAC three times a year.
- Under the planning process, a market solution (e.g., demand response activities, generation or merchant transmission) may be proposed to address identified system needs.

Planning Principle 4: Information Exchange

Requirements:

- TPs are required to develop guidelines and a schedule for the submittal of information. (P 486)
- Information also should be provided on existing and planned or proposed demand resources and their impacts on demand and peak demand to be considered in the planning process. (P 487)

Planning Principle 4: Information Exchange

ISO-NE Compliance:

- Planning Process requires Participants to provide needed information for ISO-NE to conduct its planning function.
- Planning Process provides Participants the opportunity to review the specific operability characteristics of transmission projects to ensure no adverse impacts occur on Participants' equipment.
- Under the Planning Process, a market solution (e.g., demand response activities, generation or merchant transmission) may be proposed to address identified system needs.

Planning Principle 5: Comparability

Requirements:

- TPs must “*develop a transmission system plan that (1) meets the specific requests of its transmission customers and (2) otherwise treats similarly situated customers (e.g., network and retail native load) comparably in transmission system planning.*” (P 494)

Planning Principle 5: Comparability

ISO-NE Compliance:

- The open and inclusive nature of the Planning Process serves as a method for any interested party to remain apprised of how ISO-NE is carrying out the planning function.
- By its independent nature, ISO-NE treats all participants in New England comparably.
- Under the planning process, a market solution (e.g., demand response activities, generation or merchant transmission) may be proposed to address identified system needs.

Planning Principle 6: Dispute Resolution

Requirements:

- TPs must develop a dispute resolution process to be used prior to going to the Commission that is specific as to how it will address planning disputes, including procedural and substantive issues. (P 501)

Planning Principle 6: Dispute Resolution

ISO-NE Compliance:

- Section I.6 in Section I of the Tariff sets forth a dispute resolution process, which may be cross-referenced in Attachment K as the process to address planning-related disputes.
- Planning Process relies on regular public meetings in which all potentially impacted parties may discuss and debate the merits of proposed projects, thereby facilitating resolution of any disputes that may arise before any project is finally approved by ISO-NE.
- Interregional planning process contains provisions that call for resolution first by the respective senior executives, next by a third party dispute resolution, and ultimately through the Commission.

Planning Principle 7: Regional Participation

Requirements:

- *Each TP “must coordinate with interconnected systems to: (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data; and (2) identify system enhancements that could relieve congestion or integrate new resources.” (P 523)*
- *The Order notes that “each of the Commission-approved RTOs in the Northeast, Midwest, and Southwest, as well as CAISO, provide for a coordinated and regional planning process with stakeholder input from each industry segment.” (P 525)*

Planning Principle 7: Regional Participation

ISO-NE Compliance:

- The Northeastern ISO/RTO Planning Coordination Protocol provides for coordinated planning across the entire Northeast region, consisting of New York, New England, PJM, Ontario, Quebec and the Maritimes.
- ISOs and RTOs in the Northeast have formed the Joint Interregional Planning Committee (JIPC) to coordinate their planning processes and proposed system upgrades.
- Inter-area Planning Stakeholder Advisory Committee (IPSAC) provides broad stakeholder participation from all sectors for the entire Northeast Region.

Planning Principle 8: Economic Planning Studies

Requirements:

- “[C]ustomers may request studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregate or regional basis (e.g., wind developers).” (P 544)
- “[S]takeholders [shall] be given the right to request a defined number of high priority studies annually (e.g. five to ten studies) to address congestion and/or the integration of new resources or loads.” (P 547)
- TPs, in consultation with stakeholders, must develop a mechanism “to allow the transmission provider and stakeholders to cluster or batch requests for economic planning studies.” (P 546)

Planning Principle 8: Economic Planning Studies

ISO-NE Compliance:

- One of the purposes of the RSP is to identify system reliability, market efficiency and LFTR-related needs and the types of resources that may satisfy such needs.
- ISO-NE also provides weekly, monthly, quarterly and annual reports that publicly provide information on the operation of markets in New England, and how that operation impacts prices.

Planning Principle 9: Cost Allocation

Requirements:

- TPs and stakeholders “*to determine their own specific criteria which best fit their own experience and regional needs.*” (P 558)
- Cost Allocation should:
 1. “*Fairly assign costs among Participants, including those that cause them to be incurred and those who otherwise benefit from them.*”
 2. “*Provide adequate incentives to construct new transmission.*”
 3. “*Be generally supported by state authorities and Participants.*” (P 559)

Planning Principle 9: Cost Allocation

ISO-NE Compliance:

- OATT Schedule 12 provides clear rules for the sharing of transmission costs throughout the New England region.
- OATT Schedule 12 describes the cost allocation treatment of upgrades, modifications or additions to the New England transmission system.
- OATT Schedule 12C authorizes ISO-NE to identify and exclude certain “Localized Costs” from regional rate recovery.
- Of note, the Participating Transmission Owners (PTOs) are the 205 Rights Holders for OATT Schedule 12, and Schedule 12 is subject to a moratorium pursuant to the TOA.

Other Planning Process Related Issues

- TPs must work with stakeholders to determine a cost recovery mechanism for relevant parties, such as state agencies to recover their costs associated with participation in the Planning Process. (P. 586)

Local Planning Process Related Issues

- In order for an RTO's or ISO's planning process to be open and transparent, transmission customers and stakeholders must be able to participate in each underlying transmission owner's planning process. This is important because, in many cases, RTO planning processes may focus principally on regional problems and solutions, not local planning issues that may be addressed by individual transmission owners. These local planning issues, however, may be critically important to transmission customers... [Therefore] individual TOs must, to the extent that they perform transmission planning within an RTO or ISO, comply with the Final Rule as well.Accordingly, as part of their compliance filing RTOs and ISOs must indicate how all participating transmission owners within their footprint will comply with the planning requirement in the final rule (P440)*