



FERC Order No. 1000

Presented by:

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Overview

- A Brief History
- FERC Order No. 1000
 - Regional Planning
 - Interregional Planning
 - Right of First Refusal
 - Cost Allocation



A Brief History of Open Access and Transmission Planning

Order No. 888

- Issued in 1996
- The open access order
- Reforms
 - Required public utilities to have an Open Access Transmission Tariff (OATT) on file at FERC
 - Unbundling
 - Reciprocity
- Goals:
 - Reduce undue discrimination
 - Increase competition
 - Reduce the cost of power



Background (cont.)

Order No. 890

- Issued in 2007
- Transmission Planning Principles (Attachment K)
 - Coordinated
 - Open
 - Transparent
 - Information Exchange
 - Comparability
 - Dispute Resolution
 - Economic Planning



Order No. 1000

Major Elements

- Planning
 - Regional
 - Interregional
- Right of first refusal
- Cost allocation



The Basics

- The order is about process
- Whom does the rule apply to?
 - “Public utility” transmission providers
 - Not non-jurisdictional providers (munis, coops)
- What does the rule apply to?
 - Transmission facilities “that are selected in a regional transmission plan for purposes of cost allocation”
 - New facilities, i.e., those submitted to regional planning process after effective date of compliance filings



Planning: Then vs. Now

Order No. 890

Order No. 1000





Regional Planning

- Build on the reforms from Order No. 890
- Each public utility must participate in a regional transmission planning process to develop a regional transmission plan
 - Open to stakeholders
 - Must consider non-transmission alternatives
- Identify regional needs and evaluate whether a regional project is more cost-effective or efficient than local projects
- May consider public policy benefits in developing needs
 - State or federal law
 - Must be an enacted statute



Regional Planning (cont.)

- Submission Process
 - To be described in each OATT
 - Place incumbents and non-incumbents on equal footing
 - Criteria
 - Application due dates
 - Applicant qualifications (e.g., financial ability; expertise)
 - Technical information (e.g., engineering studies; cost analysis)
 - Merchants must submit data into regional process

- Transparent Decision-making
 - Must publicly explain why some transmission needs driven by public policy requirements will be evaluated in regional process
 - Must explain why others will not be evaluated

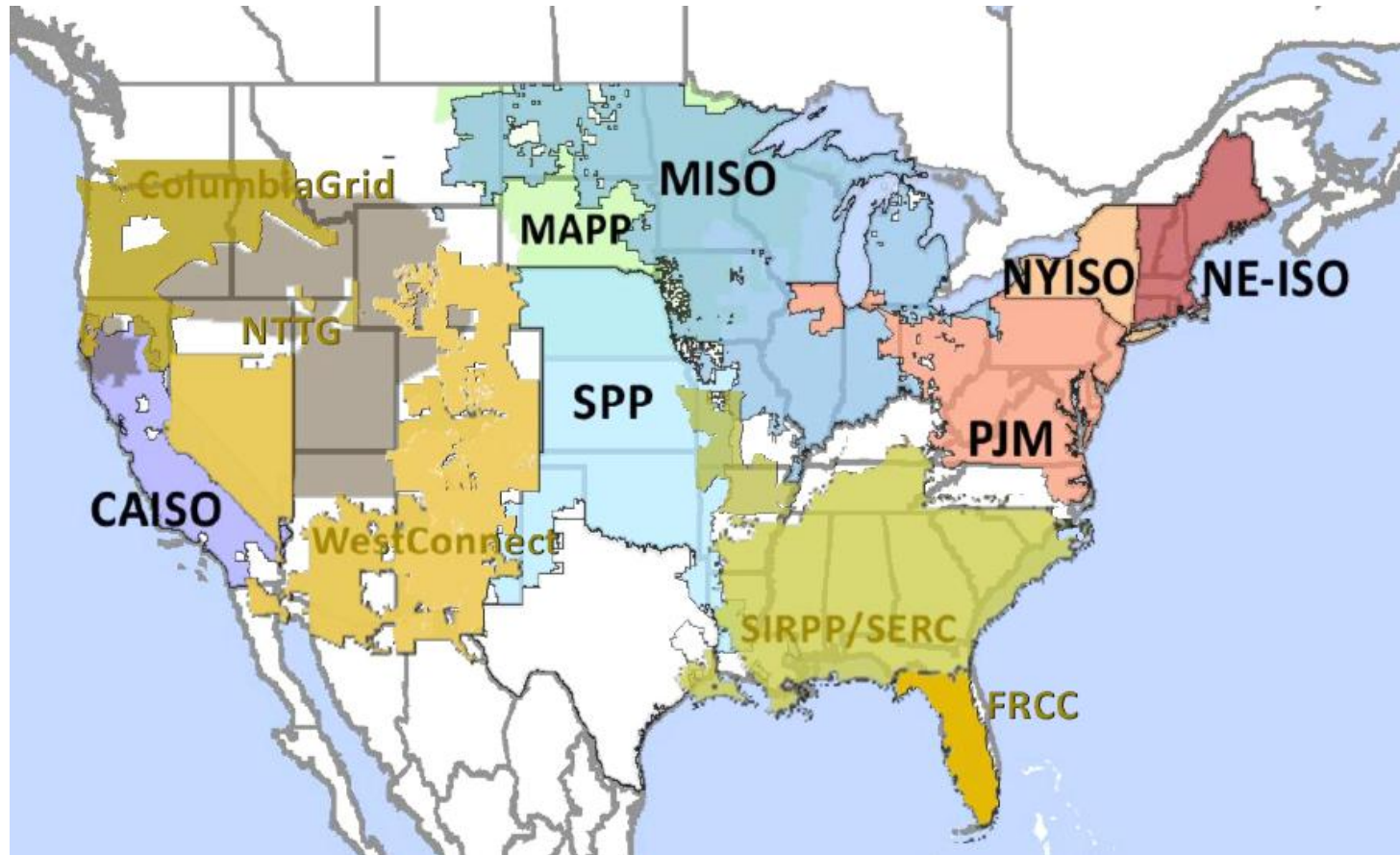


Interregional Coordination

- Does not mean interconnection-wide coordination
- Does not mean cross-interconnection planning
- Each pair of neighboring planning regions must develop a process:
 - To share information about respective regional plans (needs and potential solutions)
 - To jointly evaluate whether interregional lines could be more efficient or cost-effective than lines identified in regional or local processes
- Each neighboring region must develop common procedures for interregional coordination/evaluation/allocation
- Each region must approve proposed line



Planning Regions





Right of First Refusal

- Incumbent transmission owners have a right of first refusal to construct and own transmission in their service areas
- Primarily an issue in ISO/RTO regions
- Utilities must remove ROFR from jurisdictional tariffs and agreements
- Elimination of ROFR does not apply to or affect:
 - Transmission facilities that are not selected in a regional transmission plan for purposes of cost allocation
 - Upgrades to existing facilities
 - State siting and permitting
 - Rights of way



Cost Allocation

- Each region must establish allocation methodologies
- 6 Principles
 - Costs must be allocated roughly commensurate to benefits
 - No involuntary allocation to non-beneficiaries
 - Benefit-to-cost ratio may not exceed 1.25
 - Allocation must be within region, unless others outside agree
 - Transparent method for identifying beneficiaries
 - Different methods for different types of facilities (one per type)
- Regional and interregional methods may differ
- If regions cannot decide, FERC will



Implementation

- Regional Planning and Cost Allocation
Due 12 months from effective date
- Interregional Planning and Cost Allocation
Due 18 months from effective date
- FERC is strongly encouraging non-jurisdictional transmission owners to participate in regional transmission planning
 - Condition of maintaining reciprocity
 - Application of FPA § 211A(b)



Among the Remaining Hurdles

- **Cost Allocation**

Does FERC have authority to force public utilities outside an RTO/ISO to adopt a cost allocation methodology?

- **Participation**

Is reciprocity still an “orange-enough” carrot for non-jurisdictionals?



Contact Information

Questions?

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