

FERC Order 1000:  
Transmission Planning &  
Cost Allocation  
NYISO Compliance  
Update

by  
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# Overview

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- ◆ **NYISO/NYTO's October Compliance Filing**
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  - *Non-Incumbent Issues*
  - *Public Policy Requirements*
- ◆ **Interregional Planning & Cost Allocation**
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  - *Status*

# Background

- ◆ **FERC Order 1000: Final Rule on Transmission Planning & Cost Allocation**
  - *Issued on 7/21/11 (Docket RM10-23-000)*
  - *Largely adopts the proposals from the June 2010 NOPR*
  
- ◆ **FERC Rehearing Orders 1000-A & 1000-B**
  - *Reaffirmed requirements of the Final Rule*
  - *Provided clarifications—including inter-regional issues*
  - *Dismissed jurisdictional challenges*
    - Numerous appeals have been filed in federal court
    - Appeals on hold pending FERC response to Order 1000-B rehearing
  
- ◆ **This presentation provides a status update on NYISO compliance**

# Compliance Schedule

- ◆ **Effective Date of Final Rule**
  - *60 days from publication in Federal Register – Oct 11, 2011*
- ◆ **Compliance filing is required on everything except interregional planning and interregional cost allocation**
  - *NYISO/NYTOs submitted joint compliance filing on Oct 11, 2012*
- ◆ **Compliance filing on interregional planning & cost allocation**
  - *Due 18 months from Effective Date of Final Rule – April 11, 2013*
- ◆ **Final Rule’s requirements will apply only to “new transmission facilities”**
  - *After the Effective Date of the compliance filings (e.g. – after FERC Approval)*

# NYISO/NYTOs Joint October 2012 Compliance Filing

## Regional Issues

# Compliance Filing Process

- ◆ NYISO & NYTOs have a joint compliance obligation under Order 1000
- ◆ Ten meetings were held to discuss and receive stakeholder input on the regional planning issues:
  - *Regional planning & cost allocation*
  - *Non-incumbents*
  - *Public Policy Requirements (“PPRs”)*
- ◆ Despite this extensive consultation process, consensus was not achieved on all issues
- ◆ PPR was the most controversial issue
- ◆ Joint compliance filing was made on Oct 11, 2012

# Regional Planning

## ***Order 1000 Requirements:***

- ◆ All transmission providers must have a regional transmission planning process in place that meets Order 890's nine Planning Principles and includes development of a comprehensive system plan
- ◆ Cost allocation must comply w/Order 1000's Six Principles

## ***Joint Compliance Filing:***

- NYISO has already been found compliant with Order 890's Planning Principles by the Commission for its reliability and economic planning processes
- Compliance demonstrated in filing letter including references to FERC's Order 890 Compliance Orders
- Order 1000 Cost Allocation principles added to tariff

# Non-Incumbent Transmission Providers

## ***Order 1000 Requirements:***

- ◆ **Final Rule eliminates the right-of-first refusal (“ROFR”) tariff provisions for incumbent transmission providers with respect to building proposed facilities that are included in a regional transmission plan**
  - ***Several exceptions are granted for local facilities/upgrades /use of existing ROWs***

## ***Joint Compliance Filing:***

- **NYISO tariff does not have any ROFR provisions**
- **NYISO planning process contains provisions for non-incumbents to participate on an comparable basis**
- **Tariff revisions were made to incorporate:**
  - **Non-discriminatory qualification criteria**
  - **Detailed information requirements for proposed transmission projects**
  - **Other specific requirements of Order 1000**



# Public Policy Requirements

## ***Order 1000 Requirements:***

- ◆ **Local & regional planning processes must consider transmission needs driven by public policy requirements established by state or federal laws or regulations**
- ◆ **No requirement to go beyond existing laws or regulations—but permitted on a voluntary basis**
- ◆ **Allows for regional flexibility in meeting this requirement**
- ◆ **Not intended to infringe on state authority**

## ***Joint Compliance Filing:***

### ***Proposed PPR process includes:***

- ***Identification of transmission needs driven by public policy requirements***
- ***Opportunity for stakeholders to propose solutions***
- ***Process for evaluation of proposed solutions***
- ***Identification of potential impact on competitive markets***
- ***Consideration of non-transmission solutions –as appropriate***
- ***Cost allocation methodology***
- ***Specification of appropriate roles for NYPSC/NYDPS & NYISO***

# INTERREGIONAL PLANNING & Cost Allocation

# Order 1000: 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 inter-regional planning agreements are not required**
  - **An inter-regional “plan” is not required**
- ◆ **Multilateral or interconnection-wide planning is encouraged — but not required**
- ◆ **An inter-regional stakeholder process is encouraged**
- ◆ **Jurisdictional entities to attempt to develop interregional coordination procedures with neighbors in another country**

# Order 1000: 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 for inclusion in each region's tariff
- ◆ Multi-lateral cost allocation is encouraged—but not required
- ◆ Final Rule does not propose a uniform methodology
  - Must comply with FERC's six cost allocation principles
  - 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
- ◆ Final Rule does not address cost recovery
- ◆ If region(-s) cannot agree, FERC will decide
- ◆ Principles do not prohibit voluntary participant funding
  - *Participant funding is not acceptable for compliance*

# Order 1000: Compliance Framework

- ***The Northeast ISO/RTO Planning Coordination Protocol already meets many of the Inter-regional Planning requirements of the Final Rule***
  - Some modifications/clarifications will be needed
  - Revisions to individual tariffs may also be needed
- ***There is an active stakeholder process established under the Protocol (“IPSAC”)***
- ***ISO-NE, NYISO & PJM have been meeting with their stakeholders on these issues since Spring 2013***
- ***Canadian neighbors are already participants in inter-regional planning activities in the Northeast***
- ***DOE-ARRA funded inter-connection wide planning efforts are encouraged by FERC***
  - ISO-NE, NYISO and PJM are sponsors and active participants in EIPC

# Next Steps

## **In consultation with regional stakeholders:**

- ◆ **Determine modifications to Northeast Protocol**
  - *Inter-regional planning process specificity/clarifications*
  - *Coordination with Regional Planning cycles*
  - *Conforming language to Order 1000 terminology*
  - *How to address public policy considerations*
- ◆ **Determine modifications to individual tariffs**
- ◆ **Develop an Inter-regional Cost Allocation Methodology**
  - *Determine feasibility of a “multi-lateral” methodology*
  - *Strive for “simplicity” to the extent feasible*
  - *Compatibility with regional cost-allocation methods*
- ◆ **Logistical Issues**
  - Establish linkages to regional planning processes
  - Determine the appropriate mechanism for compliance filing

The New York Independent System Operator (NYISO) is a not-for-profit corporation that began operations in 1999. The NYISO operates New York's bulk electricity grid, administers the state's wholesale electricity markets, and provides comprehensive reliability planning for the state's bulk electricity system.

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