

# Decision on FERC Order 1000 Compliance – Phase 2 (Interregional Requirements)

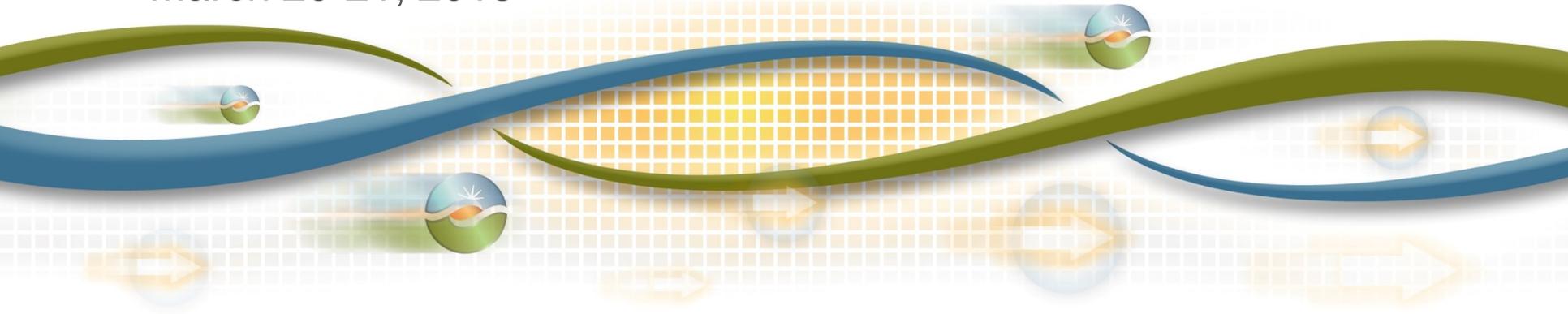
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# FERC Order 1000 – promotion of enhanced regional and interregional transmission planning

- Released July 21, 2011
- Builds on previous orders regarding transmission planning (Order 890 in particular)
- Improve regional and interregional transmission planning processes
- Requires costs of new transmission to be allocated to beneficiaries
- Promotes competition for the development of new transmission facilities
- Requires two compliance filings – regional issues and interregional issues

## ISO has conducted a two-phase stakeholder initiative for Order 1000

- Phase 1 – Compliance with the ***regional*** requirements of FERC Order 1000
  - ISO proposal approved by the Board at its September 13, 2012 meeting
  - Tariff amendments were filed with FERC on October 11, 2012
- Phase 2 – Compliance with the ***interregional*** requirements of FERC Order 1000
  - ISO has been collaborating with its own stakeholders and with the other planning regions in the Western Interconnection to develop a proposal
  - Management’s proposal reflects this collaboration

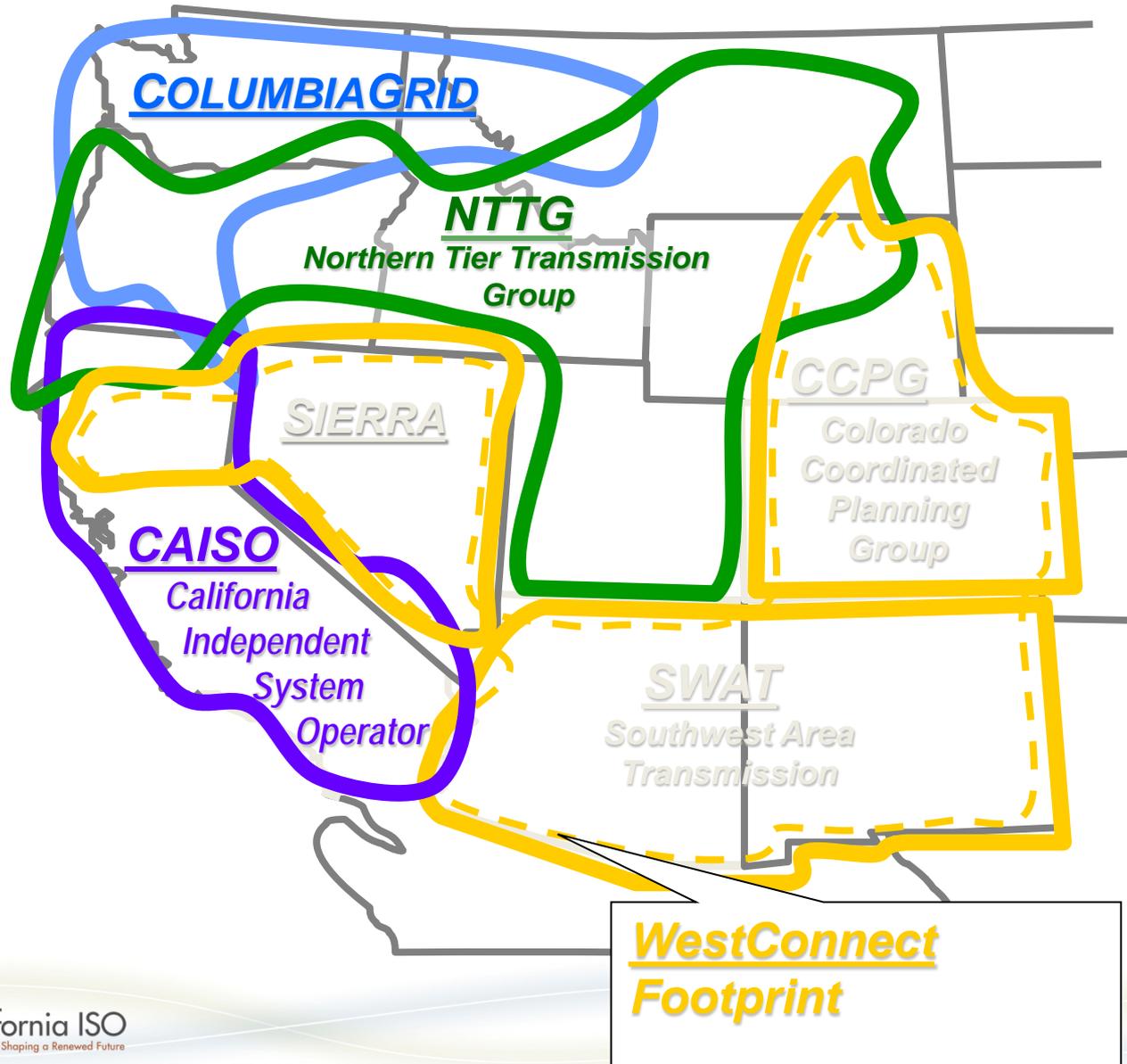
## Order 1000 requires the ISO to make a filing by April 11, 2013 that complies with the interregional requirements

- ISO is on track to meet original filing deadline
- Some regions outside of the Western Interconnection requested an extension of time from FERC
- Late last month FERC extended the compliance deadline from April 11, 2013 to July 10, 2013
- Management intends to spend additional time working with stakeholders in developing tariff amendments

# Order 1000 requires a new level of interregional coordination

- Four planning regions in West must coordinate the evaluation, selection, and allocation of costs of proposed new interregional transmission projects
- Planning regions are: CAISO, Columbia Grid, Northern Tier, and West Connect
- Planning regions have negotiated a joint proposed approach and common tariff language
- Necessitates minor modifications to ISO's existing transmission planning process

# FERC Order 1000 Planning Regions in West



# Major elements of joint proposal

- Interregional coordination
  - Annual exchange of interregional information
  - Annual interregional coordination meeting open to stakeholders
- Joint evaluation of interregional transmission projects
  - Biennial cycle; projects must be submitted no later than March 31<sup>st</sup> of any even-numbered year
  - Need not request interregional cost allocation; but, if requested, it must be requested from **all** relevant planning regions
- Interregional cost allocation
  - Each region determines (1) if project meets any regional needs and (2) if project is more cost effective or efficient than regional solution(s)
  - Each region assigned a share of project costs in proportion to its share of total benefits

# Certain requirements unique to the ISO are needed to meet compliance requirements

- ISO will assess benefits of a project in terms of cost of needed regional solutions that could be eliminated if the project were selected
- ISO will need to continually assess progress of selected projects against timing of identified regional need(s)
- ISO anticipates that the relevant planning regions selecting a project would resolve project implementation issues through negotiations outside of the Order 1000 process

# The ISO has conducted an extensive stakeholder process over the past 6 months

- Launched phase 2 (compliance with interregional requirements) initiative in September 2012
- ISO simultaneously relied on two stakeholder processes:
  - ISO's process: ISO stakeholder focus
  - Four planning regions' process: West-wide stakeholder focus
- Joint proposal and common tariff language has been developed by the planning regions

## There is broad support for the proposal, but some stakeholder concerns remain:

- Stakeholders requested additional details beyond that described in the proposal
  - ISO Management intends to address the need for additional details in the tariff development and business practice manual stakeholder processes
- PG&E does not support requiring that all proposed interregional transmission projects be subject to the two-year joint evaluation process
  - ISO Management believes that such projects require a careful, transparent evaluation through the process proposed; this will typically require two years, but it may take less in some cases.

## There is broad support for the proposal, but some stakeholder concerns remain (continued)

- SCE and IREC question proposed approach of each planning region relying on its own benefits assessment methodology
  - Order 1000 only requires a common cost allocation methodology among the regions
- Some stakeholders suggest that the proposed process should make use of WECC transmission planning information
  - Proposed process is sufficiently flexible to take this information into consideration
- TransWest observed that the proposal emphasizes compliance with only what is required by Order 1000
  - ISO Management did not consider tariff modifications unrelated to or beyond the scope of Order 1000

# ISO Management recommends that the Board of Governors approve the proposal.

- Meets the interregional compliance requirements of Order 1000
- Achieves a common compliance approach among the planning regions in the Western Interconnection
- Provides a means for increased interregional transmission planning coordination in the West
- Facilitates meaningful opportunities for stakeholder participation in the evaluation of interregional transmission projects