

New England Governors/Eastern Canadian Premiers  
Energy Dialogue 2012

Transmission Infrastructure: FERC Order 1000

New England States Committee on Electricity

*May 17, 2012*

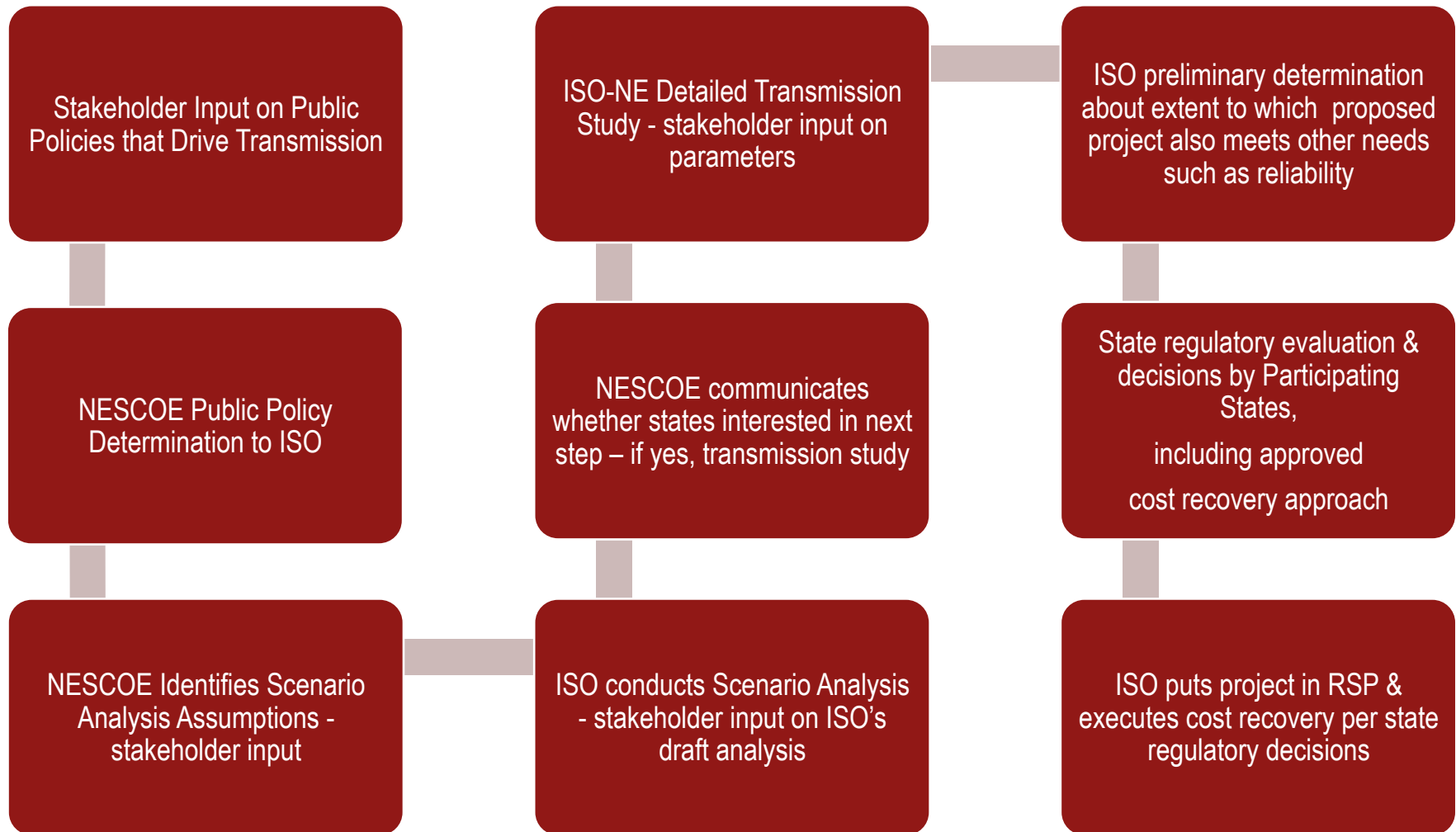
# FERC Order 1000: Background

- ✓ FERC's 2011 Order 1000 includes requirements related to transmission planning, cost allocation & non-incumbent transmission developers - *New England generally considered to meet or exceed many requirements*
- ✓ New England's focus has been on developing **procedures to consider public policies** - enacted statutes & regulations - which drive transmission needs in **planning & procedures to evaluate potential solutions** to any such needs
- ✓ Order 1000 process would be one way, *but not the only way*, projects that could advance public policy objectives could move forward

# ORDER 1000 Compliance Process

- ✓ In January 2012, NESCOE proposed a state consensus process by which to identify & consider public policies that drive transmission needs & to evaluate potential solutions to those needs
- ✓ During Quarter 1 2012, the region discussed & provided feedback on NESCOE's Order 1000 Framework
- ✓ In April 2012, New England's Transmission Owners proposed an alternative
- ✓ New England states are considering whether certain elements of it might improve NESCOE's Order 1000 Framework

# NESCOE Order 1000 Framework Process Overview



# NESCOE Framework Highlights

- ✓ For efficiency & practicality, proposed process makes use of existing New England planning processes & mechanisms – economic study, Planning Advisory Committee, etc.
- ✓ Stakeholder input is central: stakeholder input opportunity at each step in the process
- ✓ Some Public Policy Projects may also meet other needs, such as reliability
- ✓ Transmission project cost estimates, control & assurance of benefits of central importance to states' cost/benefit analysis

# Overview of States' Roles

- ✓ States seek to provide consensus views, following stakeholder input, through **NESCOE** on -
  1. public policies that drive transmission needs,
  2. parameters of Public Policy (Economic) Study, &
  3. if state interest, parameters of more detailed transmission analysis
  
- ✓ States decide whether to be **Participating States** in proposed project
  - no involuntary allocation
  
- ✓ Final state analysis & decisions by **Participating States' regulatory authorities**
  - Provides open, formal process for stakeholders & interested persons
  - Results in formal state decision upon which ISO-NE will base cost allocation

# State Regulatory Evaluation & Decision

- ✓ Public Policy Project *only* moves forward if **Participating States** conclude expected **benefits outweigh expected costs**
- ✓ Evaluation requires mechanisms for cost control & assurance of delivery of benefits
  - Power purchase agreements or other contractual arrangements will ensure commitments in place
  - Such contractual agreement may provide, for example, for recovery of transmission costs through tariff
- ✓ To be a Public Policy Project, any contract or inclusion of transmission costs associated with public policy projects will be approved by state regulatory authority

# Some Questions for Discussion

- ✓ What elements of a transmission study process that considers public policies that drive transmission needs are most important to bringing forward diverse project proposals from transmission project developers?
- ✓ Are there advantages to the states identifying public policy requirements at the outset of a study process without identifying any geographic or technology preferences?
- ✓ Will transmission study processes developed pursuant to Order 1000 influence other transmission project development initiatives (e.g. proposed participant-funded projects)?



More information about NESCOE's Order 1000 Framework at  
[www.nescoe.com](http://www.nescoe.com)