

# 14th Annual Platts Northeast Power & Gas Markets Conference

May 30, 2019

New England States Committee on Electricity



NESCOE is New England's Regional State Committee, governed by a Board of Managers appointed by each of the New England Governors to represent the collective views of the six New England states on regional electricity matters

- ✧ **Focus:** Resource Adequacy, System Planning & Expansion
- ✧ **Resources:** 5 full-time staff with diverse disciplines & experience. Consultants, primarily for transmission engineering & independent studies
- ✧ **More information:** including filings & comments at
  - [www.nescoe.com](http://www.nescoe.com)
  - Twitter @NESCOEStates

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# **State-Sponsored Request for Proposals (RFPs)—Challenges and Opportunities in the Northeast**

***Where does Order 1000 Fit In?***

# **Overview**

- ✧ Background: Order 1000 and Public Policy Tx
- ✧ New England's Experience
- ✧ Opportunities/Challenges
- ✧ 2020 Planning Cycle

# Background: Order 1000

- The Federal Energy Regulatory Commission (FERC) issued Order 1000 on July 21, 2011.
- Objective: improve Tx planning processes and cost allocation mechanisms and ensure just and reasonable rates.



# Has Order 1000 Been Successful?

*Panelists described Order 1000 as “either partially a success, generally a failure, cost containment is either important, unnecessary or unneeded, should be flexible or very well-defined.”*

Former Commissioner Clark  
Competitive Transmission Development Technical Conference  
Docket No. AD16-18-000  
June 27, 2016

# Has Order 1000 Been Successful?

*“I’ll just put it to you straight: Everyone seems to agree that Order 1000 is not working as intended. But when it comes to this topic, that’s about the only thing stakeholders can agree on.”*

Chairman Chatterjee  
NARUC 2019 Winter Policy Summit



## **Background: Order 1000/Public Policy Tx Planning**

- **Transmission Planning/Public Policies.** Public policy requirements must be considered in the transmission planning process.
  - Public Policy Requirements = federal, state, local laws
  - Regional flexibility on design

## **Background: Order 1000/Public Policy Planning**

- **Cost Allocation.** Cost allocation method must be in place to allocate the costs of new transmission facilities.
  - Default cost allocation in ISO-NE: 70% regional/30% states with identified need

# New England's Experience

- **Public Policy Transmission Upgrades (PPTUs)**
  - *Identification* of policy-driven Tx needs
  - *Evaluation* of solutions: Potential RFP
- **Study Process Every Three Years**

# New England's Experience

- **January 2017 Planning Cycle**
  - No RFP Issued
  - NESCOE communication to ISO-NE identified no state/federal needs at that time.
    - Each state assessed stakeholder input on laws driving Tx
  - ISO-NE identified no local needs.

## ***Is the Juice Worth the Squeeze?***

- ***Opportunities***
- ***Challenges***



# Questions about Potential Opportunities

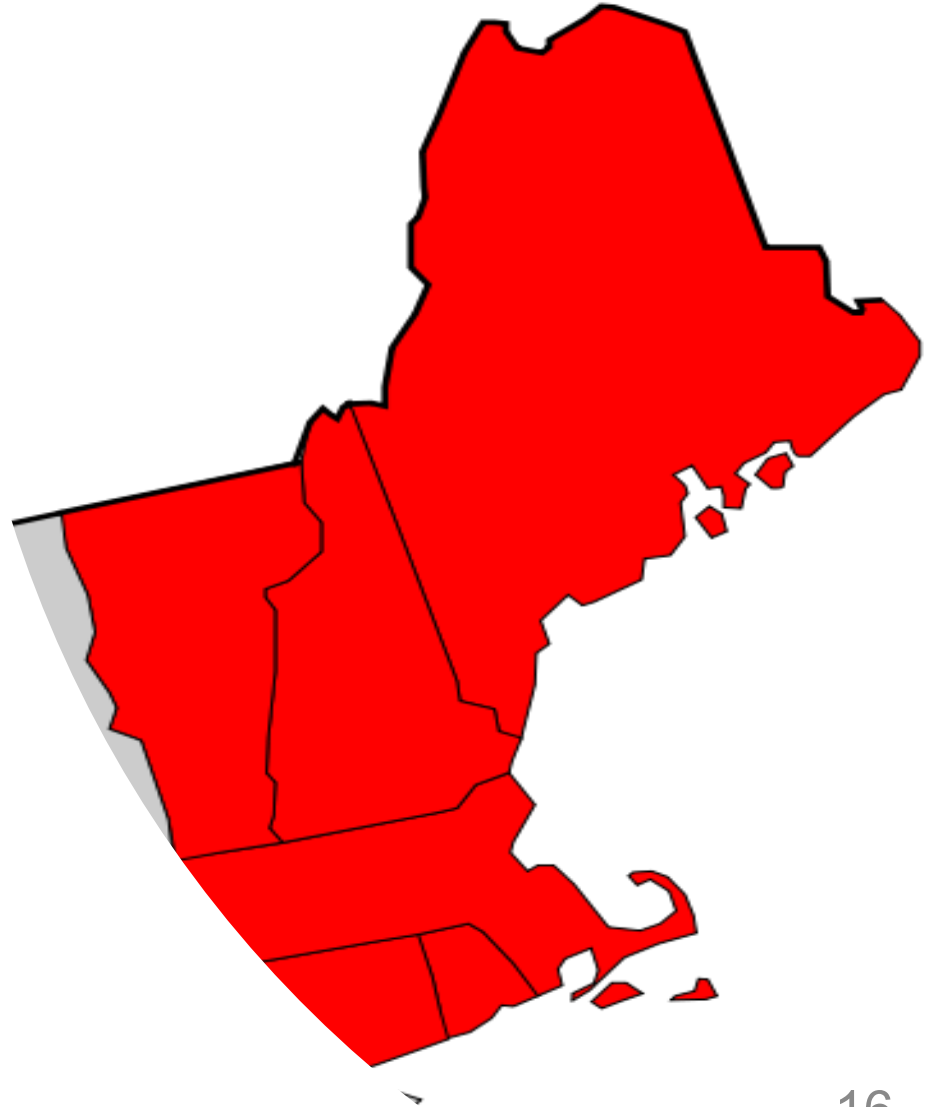
- **Is there a way to leverage ISO-NE Tx planning expertise – in a way that does not turn a state’s public policy execution over to ISO-NE engineers?**
- **Would ISO-NE process bring forward increased competition among developers?**
  - Cost Savings/Project Scale
- **Would an ISO-NE process for Tx development allow state procurements to focus on energy price?**
- **Expediency?**
  - Interconnection Queue: avoids serial study process that generally considers interconnection requests on a “first-come, first-served” basis

# Questions about Challenges

- **Timing: State activities and PPTU process aren't synched**
  - Is it possible to coordinate separate processes for developing/constructing Tx and generation?
- **Core Issue: What about jurisdictional boundaries?**
- **Critical to states in all things: cost containment**
  - Is it possible for tariff mechanisms to discipline costs, address overruns?
- **Cost allocation:** What about states' repeated representation about ensuring consumers in any one state do not fund the public policy requirements mandated by another state's laws?

# 2020 Planning Cycle

- Begins January 15, 2020
- Study process, if any, > 1 year
- RFP, if any, provides at least 60 day response
- Planning Advisory Committee (PAC) process throughout





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