



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

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NEWS MEDIA CONTACT

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FERC Proposes, Seeks Comment on Transmission Planning, Cost Allocation Principles

The Federal Energy Regulatory Commission (FERC) today proposed to build on its Order No. 890 open access transmission reforms by establishing a closer link between regional electric transmission planning and cost allocation to help ensure that needed transmission facilities actually are built.

The Notice of Proposed Rulemaking (NOPR) is based on an extensive record: three years of monitoring implementation of Order No. 890, three regional technical conferences and examination of more than 150 sets of comments filed in response to an October 2009 request for comment on transmission planning and cost allocation. It proposes and seeks comment on requiring:

- Transmission providers to establish a closer link between cost allocation and regional transmission planning by identifying and establishing cost allocation methods for beneficiaries of new transmission facilities;
- Transmission planning to take into account needs driven by public policy requirements established by state or federal laws or regulations;
- Neighboring transmission planning regions to improve their coordination with respect to facilities that are proposed to be constructed in two adjacent regions and could address transmission needs more efficiently than separate intraregional facilities; and
- The removal from Commission-approved tariffs or agreements provisions that provide an undue advantage to an incumbent developer so that sponsors of transmission projects have the right, consistent with state or local laws or regulations, to build and own facilities selected for inclusion in regional transmission plans.

“Our nation needs a transmission grid that can accommodate rising consumer demand for a more diverse mix of power generators and the sophisticated technology of the smart grid,” FERC Chairman Jon Wellinghoff said. “To do that, we must make sure FERC transmission policies are open and fair to all.”

A significant aspect of the proposal is the requirement that transmission planning take into account public policy requirements, such as state-mandated renewable portfolio standards. Doing so during the transmission planning process will help ensure these legal requirements are met in a way that is fair and efficient to transmission customers.

The proposal also ties cost allocation to the regional transmission planning processes to facilitate the transition from planning to implementation. This ensures that only those consumers benefiting from transmission facilities are charged for associated costs, and gives each region the first opportunity to develop cost allocation mechanisms and identify how the benefits of transmission facilities will be determined. Comments are due 60 days after publication in the *Federal Register*.