



Notice of Proposed Rulemaking

Docket No. RM21-17

Pauline Foley

Associate General Counsel, Office of
General Counsel

Planning Committee

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Building for the Future Potential Reforms to Improve Regional Transmission Planning and Cost Allocation and Generator Interconnection Processes

7/15/21: FERC issued an Advance Notice of Proposed Rulemaking (ANOPR) seeking comments on potential reforms addressing:

- regional transmission planning;
- generator interconnection planning processes; and
- enhanced oversight of investment in transmission and related cost recovery

175 parties filed initial comments; 95 parties filed reply comments

11/15/21: FERC technical conference to address issues raised in ANOPR

4/21/22: FERC issued the Notice of Proposed Rulemaking (NOPR) discussed below

- Changes in the resource mix and demand, operational challenges, and increasing regional integration create a need for public utility transmission providers (TPs) to conduct long-term regional transmission planning to meet such needs
- Order Nos. 888, 890 and 1000, which establish rules governing regional transmission planning and cost allocation processes, may be resulting in piecemeal transmission expansion addressing relatively near-term transmission needs
- NOPR proposals are intended to promote the more efficient and cost-effective integration of new generation resources and help meet the needs of a rapidly evolving grid on a long-term basis

- Six major topics covered in the NOPR:
 - long-term regional transmission planning;
 - regional transmission cost allocation;
 - the construction-work-in-progress (CWIP) incentive;
 - the federal right of first refusal (ROFR) to construct new transmission facilities;
 - enhanced transparency for local transmission planning; and
 - interregional transmission coordination and cost allocation

- FERC deferred on several issues that were addressed in the ANOPR, including reforms related to:
 - cost allocation methodologies for interconnection-related network upgrades;
 - interconnection queue processes;
 - interregional transmission coordination and planning; and
 - oversight of transmission planning and costs
- NOPR does not propose to modify existing regional planning processes that plan for “near-term” reliability and economic needs

- (1) Long-Term Regional Transmission Planning. FERC proposes to require TPs to:
 - identify transmission needs driven by changes in the resource mix and demand through the development of long-term scenarios;
 - evaluate the benefits of regional transmission facilities to meet these needs over a time horizon that covers, at a minimum, 20 years starting from the estimated in-service date of the transmission facilities;
 - establish criteria to select transmission facilities that more efficiently or cost-effectively address these long-term transmission needs in collaboration with states and other stakeholders; and
 - more fully consider specified grid enhancing technologies in regional transmission planning processes

- (2) Regional Transmission Cost Allocation. FERC proposes to require TPs to:
 - seek agreement from relevant state entities regarding the cost allocation methods that will apply to Long-Term Regional Transmission Facilities
 - consider a list of Long-Term Regional Transmission Benefits to apply in Long-Term Regional Transmission Planning and Cost Allocation processes, and revise their OATTs to include such method or methods

- (3) CWIP Incentive. FERC proposes to:
 - eliminate the ability of TPs to take advantage of the CWIP Incentive for Long-Term Regional Transmission Facilities

- (4) Order No. 1000 ROFR Rules. FERC proposes to:
 - Permit, but not require, the exercise of a federal ROFR for any transmission facility selected in a regional transmission plan for purposes of cost allocation *conditioned on* the transmission owner with the federal ROFR for such regional transmission facilities establishing joint ownership of the transmission facilities

- (5) Transparency and Coordination of Local Planning Requirements. FERC proposes to:
 - require TPs to revise their planning process with additional provisions to enhance transparency of:
 - the criteria, models and assumptions used in their local transmission planning process;
 - the local transmission needs identified through that process; and
 - the potential local or regional transmission facilities that they will evaluate to address those local transmission needs
 - improve coordination between regional and local transmission planning with the aim of identifying potential opportunities to “right-size” replacement transmission facilities; and
 - for any “right-size” replacement facility, require the establishment of a federal ROFR for the transmission owner that included the in-kind facility in its replacement estimates

- (6) Interregional Transmission Coordination and Cost Allocation Requirements.
FERC proposes to:
 - require TPs to revise their existing interregional transmission coordination procedures to reflect the long-term regional transmission planning reforms proposed in the NOPR

FERC does not propose changes to existing interregional coordination and cost allocation requirements of Order No. 1000

- Initial comments due **July 18, 2022**
- Reply comments due **August 17, 2022**
- If FERC issues a Final Rule, FERC proposes to require each TP to submit a compliance filing within **8 months** of the effective date of the Final Rule
- FERC will hold a technical conference on transmission planning and cost management on **October 6, 2022**

Presenter:
Pauline Foley

Pauline.Foley@pjm.com



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

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