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News Media Contact

Craig Cano | 202-502-8680

Docket No. RM10-23-001

## FERC Denies Rehearing of Transmission Planning and Cost Allocation Rule

The Federal Energy Regulatory Commission (FERC) today upheld its Order No. 1000 reforms to transmission planning and cost allocation, finding that existing requirements are inadequate and threaten to thwart the development of transmission that is more efficient or cost-effective for users of the grid.

Today's order denies rehearing of the July 2011 final rule establishing minimum criteria that a transmission planning process must satisfy, including general principles for cost allocation methods. These transmission planning requirements involve the development of regional plans, consideration of transmission needs driven by public policy requirements established by state or federal laws or regulations, and coordination between pairs of neighboring transmission planning regions.

Regional and interregional cost allocation methods must meet certain principles, including that allocated costs be "roughly commensurate" with estimated benefits, and that those who do not benefit from transmission do not have to pay for it. Participant-funding of new transmission facilities is permitted but cannot be used as the regional or interregional cost allocation method.

The order also affirms the Commission's actions in Order No. 1000 to promote competition in regional transmission planning by removing from Commission-approved tariffs and agreements any federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, subject to certain limitations.

While denying rehearing, the order provides a number of clarifications, including:

- Each planning region must have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the region.
- Claims that a federal right of first refusal in a Commission-approved agreement is protected by a Mobile-Sierra provision are properly made as part of an Order No. 1000 compliance filing. Before addressing proposed tariff revisions to comply with the rule, FERC will decide whether the agreement is protected by a Mobile-Sierra provision, and if so, whether the applicable standard of review to require removal of the right of first refusal has been met.
- The transmission planning process is not intended to assess the merits of federal or state public policy requirements, but to help utilities comply with those requirements by considering new transmission facilities driven by such requirements.

Each public utility transmission provider must submit its Order No. 1000 compliance filing by October 11, 2012. Compliance filings for interregional transmission coordination and interregional cost allocation are due in April 2013.

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Document Content(s)

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