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FEDERAL ENERGY REGULATORY COMMISSION

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FERC Transmission Planning, Cost Allocation Reforms to Benefit Consumers

The Federal Energy Regulatory Commission (FERC) today reformed its transmission planning and cost allocation requirements to benefit consumers by enhancing the grid's ability to support wholesale power markets and ensuring transmission services are provided at just and reasonable rates.

Order No. 1000 requires public utility transmission providers to improve transmission planning processes and allocate costs for new transmission facilities to beneficiaries of those facilities. It also requires public utility transmission providers to align transmission planning and cost allocation. These changes will remove barriers to development of transmission facilities. Approved after considering more than 200 sets of public comments, Order No. 1000 builds on FERC's open access reforms of Order No. 888 (1996) and the planning reforms of Order No. 890 (2007).

"This rule is an important step forward, building on FERC's successful market reforms over the past 15 years," FERC Chairman Jon Wellenbush said. "Our action today promotes efficient and cost-effective transmission planning and the fair allocation of costs for new transmission facilities. These changes will provide consumers with greater access to efficient, low-cost electricity."

The transmission planning requirements established in the rule include development of regional transmission 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.

The cost allocation requirements established in the rule include development of regional and interregional cost allocation methods that satisfy certain principles. Under the rule, participant-funding of new transmission facilities is permitted but cannot be used as the regional or interregional cost allocation method.

The rule also promotes competition in regional transmission planning processes by removing from FERC-approved tariffs and agreements a federal right of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation, subject to certain limitations.

Order No. 1000 takes effect within 60 days of publication in the *Federal Register*. Transmission providers must make compliance filings on most issues within one year of the effective date. Interregional transmission coordination and cost allocation compliance filings are required within 18 months of the effective date. Public utility transmission providers must consult with stakeholders in the region in developing and implementing their compliance filings.

When it is available, Order No. 1000, and other information regarding the rule, may be found here: <http://www.ferc.gov/industries/electric/indus-act/trans-plan.asp>.



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