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Docket Nos. ER13-1922, ER12-1923, ER13-1927

Item Nos. E-1, E-2 and E-3

FERC Accepts Order No. 1000 Interregional Filings by SERTP, Neighboring Regions

The Federal Energy Regulatory Commission (FERC) today conditionally accepted compliance filings by the public utility transmission providers enrolled in the Southeastern Regional Transmission Planning region and: (1) Midcontinent Independent System Operator Inc. and its transmission-owning members; (2) PJM Interconnection and its transmission owning members; (3) public utility transmission providers enrolled in the Florida Reliability Coordinating Council region; and (4) the public utility transmission provider enrolled in the South Carolina Regional Transmission Planning region.

Order No. 1000 requires neighboring transmission planning regions to identify and jointly evaluate interregional transmission facilities, which are facilities located in two or more neighboring transmission planning regions that may be more efficient or cost-effective solutions to the transmission needs of individual regions. It does not require an interregional transmission plan or interconnection-wide planning.

Among other actions in today's orders, the Commission accepted the proposal to allocate costs of interregional transmission facilities to each neighboring region based on the region's share of the total avoided cost of regional transmission facilities being displaced by the selected interregional transmission facility.

FERC had rejected at the regional level a cost allocation method that relies exclusively on avoided costs to account for transmission needs driven by reliability, economic, and public policy requirements as the sole cost allocation method for new transmission facilities selected in a regional plan, saying it does not adequately assess the potential benefits provided by the facilities. At the regional level, the Commission also found that a more efficient or cost-effective regional transmission facility would not be eligible for cost allocation if there were no transmission facilities in the local transmission plans that it would displace.

However, with respect to cost allocation at the interregional level, the Commission found that the regional transmission planning and interregional transmission coordination reforms required by Order No. 1000 address these concerns and that, through the reforms, it expects the regional transmission planning process will identify regional transmission facilities that potential interregional transmission facilities may displace. FERC also said that an avoided cost-only method at the interregional level will account for all benefits identified in the regional transmission planning processes.

R-15-19

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