



**Federal Energy Regulatory Commission**  
**May 14, 2014**  
**Open Commission Meeting**  
**Staff Presentation**  
**Item E-2**

"Good morning Chairman Bay and Commissioners.

"Order No. 1000 established interregional transmission coordination requirements that provide for the exchange of regional planning data and information between neighboring transmission planning regions; development of procedures to identify and jointly evaluate a proposed interregional transmission facility that may be more efficient or cost-effective than regional transmission projects; and the inclusion of common language in each public utility transmission provider's OATT describing the interregional transmission coordination procedures for each pair of transmission planning regions. Order No. 1000 also required that each public utility transmission provider in a transmission planning region have a common method or methods for allocating the costs of a new interregional transmission facility among the beneficiaries of that transmission facility in the two neighboring transmission planning regions in which the transmission facility is located. The Commission required that each public utility transmission provider's interregional cost allocation method or methods satisfy six interregional cost allocation principles. To be eligible for interregional cost allocation, an interregional transmission facility must be selected in the relevant transmission planning regions' regional transmission plans for purposes of cost allocation.

"The draft order before you addresses the compliance filings of the public utility transmission providers located in ISO New England, New York ISO, and PJM. For a summary of this order, I will turn to my colleague, James Eason.

"Northeast Interregional Compliance (E-2):

"Good morning Chairman Bay and Commissioners.

"E-2 addresses common tariff provisions filed by ISO New England, New York ISO, and PJM to comply with the interregional transmission coordination and cost allocation requirements of Order No. 1000. The draft order finds that the filings partially comply with these requirements and requires additional compliance filings within 60 days.

"To comply with the interregional transmission coordination and cost allocation requirements, ISO New England, New York ISO, and PJM amended an existing Northeastern ISO/RTO Planning Coordination agreement, which was originally adopted in 2004. The stated goal of the Amended Northeastern Protocol is to contribute to the ongoing reliability and the enhanced operational and economic performance of the three regions through coordinated planning.

"The Amended Northeastern protocol provides for interregional transmission coordination through two formal committees: the Joint ISO/RTO Planning Committee, which is comprised of staff representatives from ISO New England, New York ISO, and PJM, and the Interregional Planning Stakeholder Advisory Committee, which is a committee open to stakeholders from all three transmission planning regions. ISO New England, New York ISO, and PJM propose to jointly evaluate interregional transmission solutions through the Joint ISO/RTO Planning Committee with input from the Interregional Planning Stakeholder Advisory Committee. The Amended Northeastern Protocol - together with the amended regional tariffs - describe the methods by which the neighboring transmission planning

regions identify and evaluate interregional transmission facilities, and facilitate the sharing of information and potential solutions. The draft order finds that these amendments largely meet the requirements of Order No. 1000.

“To comply with the interregional cost allocation requirements, the three transmission planning regions each propose to allocate the costs of an interregional transmission facility between each pair of regions using an avoided cost method, meaning a cost allocation method that relies on avoided costs to account for benefits associated with regional transmission needs driven by reliability, economic, and public policy requirements. The draft order, like other previous interregional compliance orders, finds that this method is permissible as the cost allocation method for interregional transmission facilities proposed for interregional cost allocation.

“The draft order finds that the Amended Northeastern Protocol – together with conforming changes to the region-specific tariffs – largely meet the interregional transmission coordination and cost allocation requirements of Order No. 1000. Finally, the draft order directs ISO New England, New York ISO, and PJM to make a number of revisions within 60 days.

“With the issuance of this order, the Commission will have issued initial orders on all the Order No. 1000 interregional compliance filings we have received.

“This concludes our presentation. We are happy to answer any questions you may have.”