



FEDERAL ENERGY REGULATORY COMMISSION

June 17, 2010
Docket No. RM10-23-000

MEDIA CONTACT
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Notice of Proposed Rulemaking: Transmission Planning and Cost Allocation By Transmission Owning and Operating Public Utilities

The Commission is proposing to amend the transmission planning and cost allocation requirements for public utility transmission providers established in Order No. 890 to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential.

Purpose

- To incorporate in transmission planning processes public policy requirements established by state or federal laws or regulations that may drive transmission needs.
- To provide sponsors of transmission projects the right, consistent with state or local laws or regulations, to construct and own facilities selected for inclusion in regional transmission plans.
- To improve coordination in the evaluation of transmission facilities proposed to be located in two neighboring transmission planning regions.
- To provide a closer connection between transmission planning and cost allocation processes.

Overview

With respect to transmission planning processes, the proposed rule would:

- Require each public utility transmission provider to participate in a regional transmission planning process that produces a regional transmission plan and that meets certain transmission planning principles established in Order No. 890.
- Require that local or regional transmission planning processes account for public policy requirements established by state or federal laws or regulations that may drive transmission needs.
- Remove from FERC-approved tariffs or agreements any right of first refusal that provides an incumbent public utility with an undue advantage over a non-incumbent transmission project developer, while preserving state authority.
- Require each public utility transmission provider through its regional transmission planning process to



enter into a transmission planning agreement with the public utility transmission providers in each neighboring transmission planning region.

With respect to transmission cost allocation, the proposed rule would:

- Establish principles for allocating the costs of new transmission facilities in a manner that is at least roughly commensurate with the distribution of benefits. (See section VC of the NOPR)
- Require each public utility transmission provider to have a cost allocation method for new transmission facilities in the regional transmission plan that satisfies certain proposed cost allocation principles.
- Require each public utility transmission provider to have a cost allocation method for new transmission facilities resulting from the planning agreements implemented by neighboring regions that satisfies certain proposed cost allocation principles.

Applicability

- The proposed rule would apply to all public utility transmission providers, including RTOs and ISOs. Each public utility transmission provider would be required to make compliance filings with the Commission showing how it complies or will comply with the proposed requirements.
- The Commission proposes that transmission providers that are not public utilities would have to adopt the requirements of this proposed rule as a condition of maintaining the status of their safe harbor tariff or otherwise satisfying the reciprocity requirement of Order No. 888.

Comment Procedures

- Comments on the proposed rule may be filed with the Federal Energy Regulatory Commission in FERC Docket No. RM10-23-000 no later than 60 days after the proposed rule is published in the Federal Register.