



**VELCO** VERMONT'S TRANSMISSION RELIABILITY RESOURCE

# FERC Order 1000 May 17, 2003 Compliance Order

June 2013

6/5/2013

MOVING **POWER**. MOVING **FORWARD**.



# FERC Order 1000 background

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- Issued by Federal Energy Regulatory Commission (FERC) July 2011; affirmed via Order 1000-A, May 2012
- Required compliance filings by ISOs and participating Transmission Owners addressing:
  - **Competitive process for reliability projects**, including elimination of incumbent transmission owners' rights of first refusal (ROFR)
    - ISO-NE and PTOs filed jointly Oct. 2012
    - NEPOOL filed separately
  - **Incorporation of public policy transmission upgrades** in regional planning
    - ISO-NE and PTOs filed jointly Oct. 2012
    - NEPOOL filed separately
  - Interregional planning between NE/NY/PJM Control Areas (due July 2013)

## May 17 FERC compliance order summary

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- Issued May 17, 2013
- Accepted in part and rejected in part NE compliance filing of October 2012
- Directed ISO-NE and PTOs to file further compliance response by mid-September 2013

# Competitive planning process: ROFR eliminated

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- ISO-NE/PTO ordered to eliminate ROFR from tariff and transmission operating agreement (TOA)(with exceptions noted below).
  - Rejected claim ROFR was contract right protected by Mobile-Sierra doctrine
  - Ruled that ROFR harms public interest
- Exceptions:
  - **Near-term reliability projects:** accepted NEPOOL proposal to allow PTO ROFR to build transmission projects that solve near-term (three-year window) reliability deficiency (rejecting ISO-NE/PTO's alternative for five-year horizon)
  - **Upgrades:** Retains ROFR for upgrade to existing PTO facilities
  - **Rights of way:** left this as gray area subject to governing law; Order 1000 neither creates or abrogates real property rights

# Public policy transmission upgrades (PPTU)

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- Accepted NESCOE lead in identifying transmission needs driven by federal and state public policies, but...
  - Process must also evaluate public policy-driven transmission needs identified by ISO and other stakeholders
- Rejected selection of PPTUs by NESCOE or all of the participating states jointly
  - Required ISO-NE to be responsible for evaluating and selecting the preferred PPTU
- Rejected filing parties' proposal to have states decide and/or opt out of cost allocation after particular projects are proposed
- Required transparent, pre-determined default cost allocation method ensuring no PPTU cost allocated to entities receiving no PPTU benefit

## Other issues

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- Current cost allocation methods for reliability and market improvement projects deemed compliant with Order 1000
- ISO-NE must open needs study groups to technically qualified staff of NE market participants and other stakeholders, including non-incumbent transmission developers
- Rejected calls for planning process reform to consider non-transmission alternatives (NTAs)
- Rejected exempting reliability needs identified prior to tariff revision effective date from Order 1000 requirements

## Next steps

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- ISO-NE/PTO considering efficacy of motion for rehearing on ROFR/Mobile-Sierra issues
- July 10, 2013: ISO-NE and PTOs to make initial compliance filings regarding interregional planning process
- Mid-September 2013: ISO-NE and PTO to make filing responsive to May 17, 2013 Order (e.g., elimination of ROFR, etc.)