

# NECPUC Symposium

## **FERC Transmission Policies for a Renewable World**

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# FERC Transmission Policies

Changes in the market warrant evolution of FERC's policies on transmission

March 2, 2009 FERC conference on integrating renewable resources, more conferences to come

State (and possible federal) RPS and other environmental policies increase the need for transmission for renewables

FERC's ultimate goal will not change: adequate and reliable energy supplies at just and reasonable rates

# FERC Transmission Policies

Themes as FERC's transmission policy evolves:

- Open, coordinated, and transparent planning
- Need for infrastructure, especially for renewables
- Comparable treatment of DR and EE
- Eliminate barriers to entry of merchant and other “non-traditional” transmission investment

Evolution not likely to follow a straight line or be easy

# FERC Transmission Policies

## Nine Planning Principles in Order No. 890:

- Coordination
- Openness
- Transparency
- Information Exchange
- Comparability
- Dispute Resolution
- Regional Participation
- Economic Planning
- Cost Allocation

# FERC Transmission Policies

## Planning Round 1: Attachment K

First round of Attachment K plans filed and reviewed

Focus was on establishing an open, transparent and coordinated process and ensuring the process was well documented

Planning obligation did not dictate which investments identified in a plan should be made

# FERC Transmission Policies

## **Planning Round 2: Planning for a Renewable World**

Late 2009 FERC will initiate round 2 of planning review through technical conferences

New legislation may direct reforms, but FERC may act even if no legislation is enacted

# FERC Transmission Policies

## Planning Round 2: Planning for a Renewable World

Major planning issues could include:

**Scope and Scale of Planning:** Should planning be performed on a sub-regional, regional or interconnection-wide basis? Need separate planning for different types of facilities?

**Who should do the planning:** Should planning be coordinated through groups or be done by a third-party centralized planner?

# FERC Transmission Policies

## Planning Round 2: Planning for a Renewable World

Major planning issues could include:

**Comparability:** FERC will review transmission plans to ensure DR and EE input into the plan for consideration as alternative solutions to building new generation and transmission

**Integration of renewables as a planning goal:** Lead to planners or government picking resource winners and losers rather than the market?

# FERC Transmission Policies

## Need for Infrastructure

Evolution in FERC policies to support transmission of renewables: Zephyr and Chinook

Accepted “anchor tenant” concept to address simultaneity issue

Streamlined analysis of merchant projects designed to transmit renewable resources

Challenging reliability issues will arise when integrating intermittent resources

# FERC Transmission Policies

## Comparable Treatment for DR and EE

Building transmission or constructing new generation may not always be the most efficient or reliable option

DR and EE possible alternatives to building transmission or generation

Treat them comparably, without preferences, to other resources and the market should decide winners

# FERC Transmission Policies

## **Eliminate Barriers to Forms of Transmission**

October 2008 FERC conference on eliminating barriers to merchant and other forms of transmission ownership

Supporting all viable financial and business models will foster investment in infrastructure

Joint ownership is an effective means to get transmission built

# FERC Transmission Policies

## Siting

DOE NIETC/FERC backstop authority in EPA Act 2005

Recent 4<sup>th</sup> Circuit decision will likely prompt Congress to act

States and FERC each have roles and must work together to ensure transmission facilities critical to the Nation's energy security and environmental goals are built

# FERC Transmission Policies

## Smart Grid

**Energy Policy Act of 2005, Section 1223:** FERC “shall encourage, as appropriate, the deployment of advanced transmission technologies.”

**Energy Independence and Security Act of 2007, Title 13:** Announces a federal policy of supporting the modernization of the grid and lays out the goals of this modernization, which it essentially labels as the creation of a smart grid

# FERC Transmission Policies

## Smart Grid

### FERC's Role in Smart Grid

**EISA 2007, Section 1305:** the National Institute of Standards and Technology (NIST) shall have primary responsibility to coordinate the development of a framework that includes protocols and model standards for information management to achieve interoperability of smart grid devices and systems

# FERC Transmission Policies

## Smart Grid

### FERC's Role in Smart Grid

Once NIST efforts result in sufficient stakeholder consensus on interoperability standards, FERC must initiate a rulemaking to adopt such standards and protocols to ensure smart grid functionality and interoperability in interstate transmission of electric power

FERC's primary activity will involve oversight of interstate transmission rates and determining how smart grid investments can be recovered through those rates

# FERC Transmission Policies

## Smart Grid

### FERC's Role in Smart Grid

Development of smart grid triggers FERC's authority over approval and enforcement of reliability standards

Remain technology neutral

Proposed Policy Statement and Action Plan: Comments due May 11, 2009

NARUC/FERC Collaborative on Smart Grid