

June 14, 2023



Updates on FERC Transmission Policy

***California State Assembly
Committee on Utilities and Energy***

***Presented by Christina Hayes
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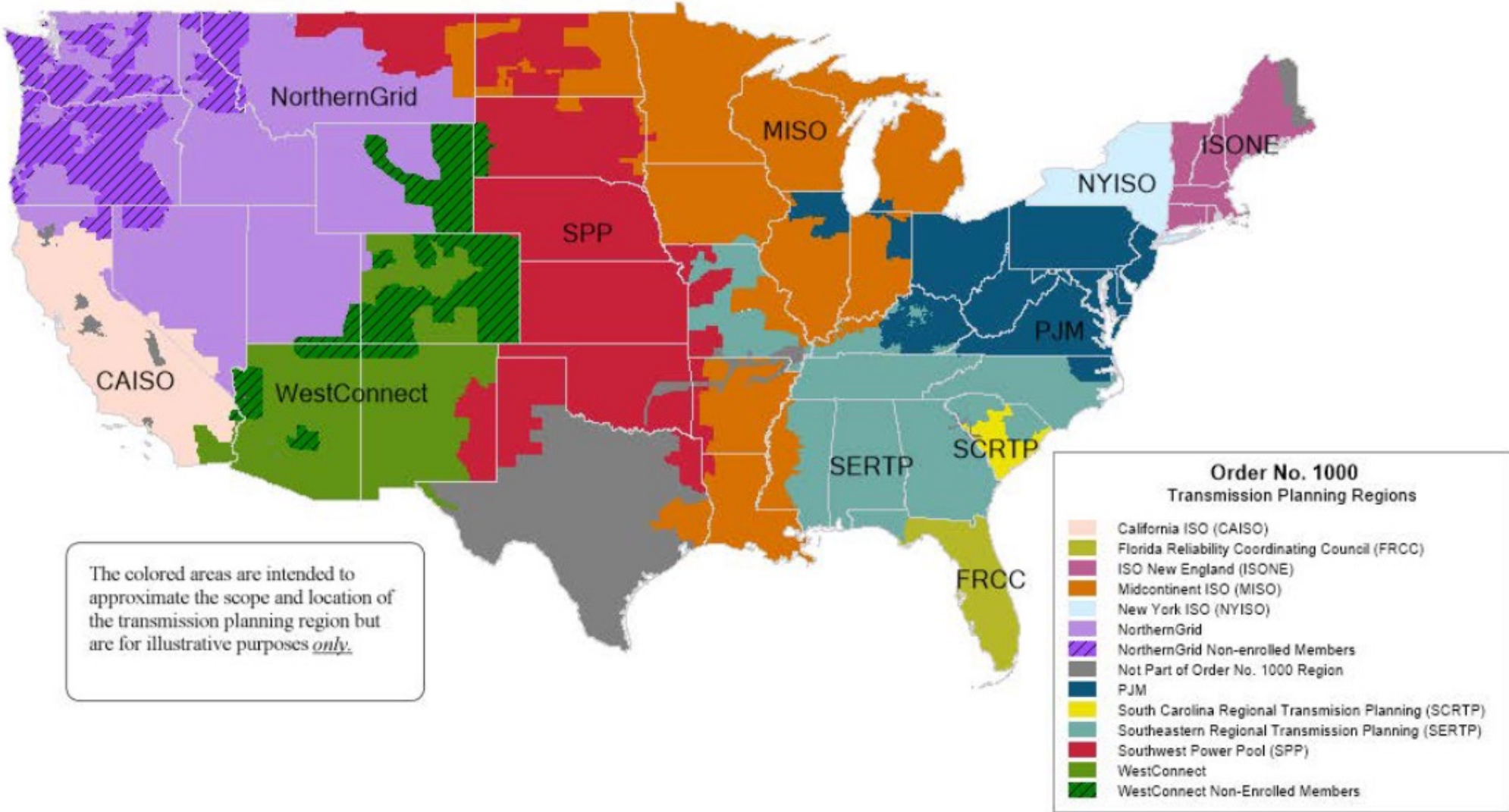


Federal Jurisdiction over Transmission

- FPA section 201: “the transmission of electric energy in interstate commerce ... is necessary in the public interest”
- FPA section 201: regulation of transmission shall “extend only to those matters which are not subject to regulation by the States” – here, siting and permitting on private or state/ local land
- In 2014, the D.C. Circuit Court upheld FERC’s jurisdiction over transmission planning in Order No. 1000
 - Agreed that transmission planning is a practice that affects rates under FPA section 206
 - Consistent with earlier decisions that upheld FERC jurisdiction requiring open access in Order No. 888 and earlier planning requirements in Order No. 890
 - FERC also has jurisdiction over wholesale rates over transmission lines FPA section 205, as well as reliability on the bulk power system under FPA section 215



FERC Transmission Planning Regions Map




The colored areas are intended to approximate the scope and location of the transmission planning region but are for illustrative purposes *only*.

Order No. 1000

Planning Reforms:

- Participate in regional planning process that satisfies the principles of Order No. 890 and produces a regional plan.
- Consider transmission needs driven by public policy requirements established by state and federal laws in planning.
- Elimination of federal right of first refusal – led to competitive bidding for projects.
- Coordinate with neighboring regions to determine if there are efficient or cost-effective solutions to their mutual needs.

Cost Allocation Reforms:

- Participate in a regional planning process that has a regional cost allocation method for new facilities selected.
 - Prohibits participant funding as the cost allocation method.
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Who rules? Current FERC Commissioners



Chairman Phillips
Sworn In
December 3, 2021
Term Expires
June 30, 2026



Commissioner Christie
Sworn In
January 4, 2021
Term Expires
June 30, 2025



Commissioner Clements
Sworn In
December 8, 2020
Term Expires
June 30, 2024



Commissioner Danly
Sworn In
March 31, 2020
Term Expires
June 30, 2023

Proposed Changes: Regional Planning

- Conduct regional planning on a sufficiently long-term, forward-looking basis to meet transmission needs driven by changes in the resource mix and demand – 20 years?
- Identify needs through multiple long-term scenarios that incorporate a minimum set of factors.
- Consider a broader set of benefits in cost allocation and planning for long-term needs.
- Establish criteria to maximize benefits to consumers over time without over-building transmission facilities.

Proposed Changes: Cost Allocation

- Seek the agreement of state entities within the planning region on cost allocation for facilities selected as part of long-term regional planning.
- Establish a cost allocation method for facilities selected as part of long-term regional planning that uses *ex ante* analysis.
- Establish a cost allocation method for facilities selected as part of long-term regional planning that complies with existing Order No. 1000 regional cost allocation principles.

Other Proposals

Backstop Siting:

- Proposed rulemaking to implement FERC's reinvigorated backstop siting authority in case a state does not have siting authority, rejects a siting application, or declines to act on an application.

Interconnection Queue Reform:

- Proposed rulemaking to expedite the current process for connecting new generation to the grid.

Minimum Transfer Capability Requirement:

- Workshop held last year on whether and how FERC could establish a minimum transfer capability requirement for public utility transmission providers through planning and cost allocation processes. Congress directed NERC to conduct a study.