

INTERWEST
ENERGY
ALLIANCE

LONG-TERM
REGIONAL
TRANSMISSION PLANNING.
(FERC ORDER 1920)

OCT 28, 2024
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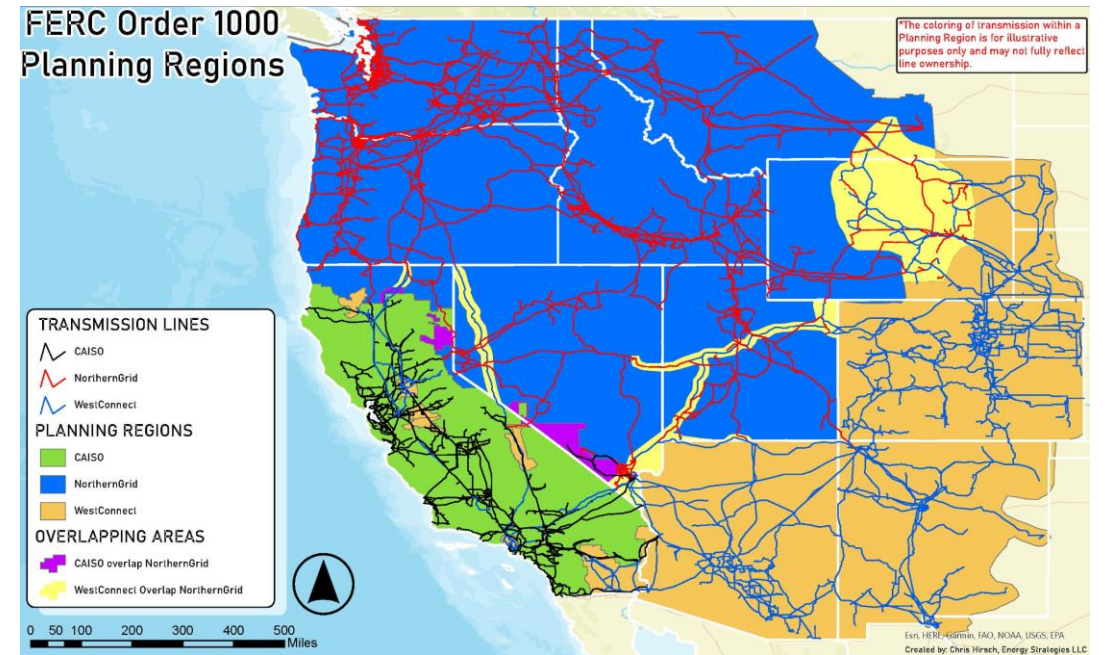
LONG-TERM REGIONAL TRANSMISSION PLANNING (ORDER 1920)

- Western Transmission Expansion Coalition (WestTEC)
- Overview of Order 1920 – Long-term Regional Transmission Planning
 - Where it fits in Local Planning vs Regional Planning
 - Cost Allocation
 - Relevance of an RTO
 - DA market vs RTO



WESTTEC: A VOLUNTARY COALITION OF THE WILLING

- Local Transmission Planning (Single utility/TO)
 - O890 (2007):
- Regional Transmission Planning (Multi-utility)
 - O1000 (2011): Multi-utility planning
 - O1920 (2024): Long-term multi-utility planning
- Interregional Transmission Planning
 - “Coordination meetings”



Western Transmission Expansion Coalition (WestTEC)

- Voluntary, not driven by FERC
- West-wide, long-term evaluation of Tx needs and solutions
- Principles: Different, Inclusive, Expedient, Transparent
- Broad participation:
 - Tx owners, Independent/merchant Tx developers, Trade associations, other experts (national labs, modeling/planning orgs)

WESTTEC'S INTENDED RESULTS

WestTEC is a study only. It has no authority over cost allocation.

The goal of WestTEC is to produce “actionable” results:

- **Provide inputs** for local and regional Tx planning.
- Provide data and results to assist in **evaluating total benefits**.
- **Initiate bilateral negotiations** and development activity for specific projects.
- **Spur pro-active engagement** with local communities, regulators, state agencies.
- **Be a resource for regulators** in prudency evaluations

WESTTEC PROJECT TIMELINE

NEAR-TERM PLANNING HORIZON
EFFORTS

LONG-TERM PLANNING EFFORTS

PROJECT
DISTRIBUTION &
REGIONAL PARTNER
ENGAGEMENT

QUARTERLY PUBLIC ENGAGEMENT

2024
Q3

2024
Q4

2025
Q1

2025
Q2

2025
Q3

2025
Q4

2026
Q1

2026
Q2

2026
Q3

2026
Q4

2027
Q1

Sept
2024:
Final
Study
Plan

Oct 21:
CREPC-
TC
Meeting

Nov 15:
Public
Workshop

Feb:
Public
Workshop

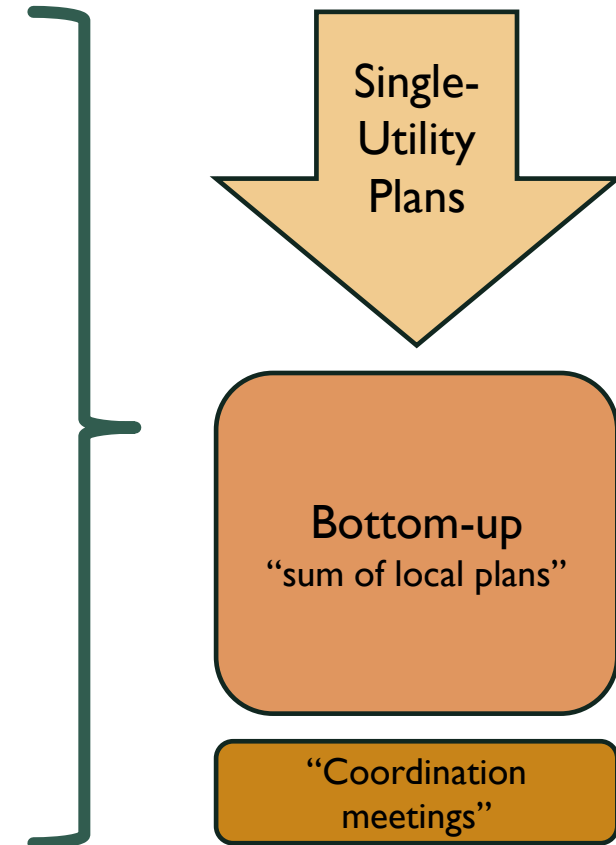
Feb:
CREPC-TC
Meeting

Aug 2025:
Initial 10-year
Horizon Report
Complete

Sept 2026:
Completion of 20-year
Horizon Report and
Final 10-year
Horizon Report

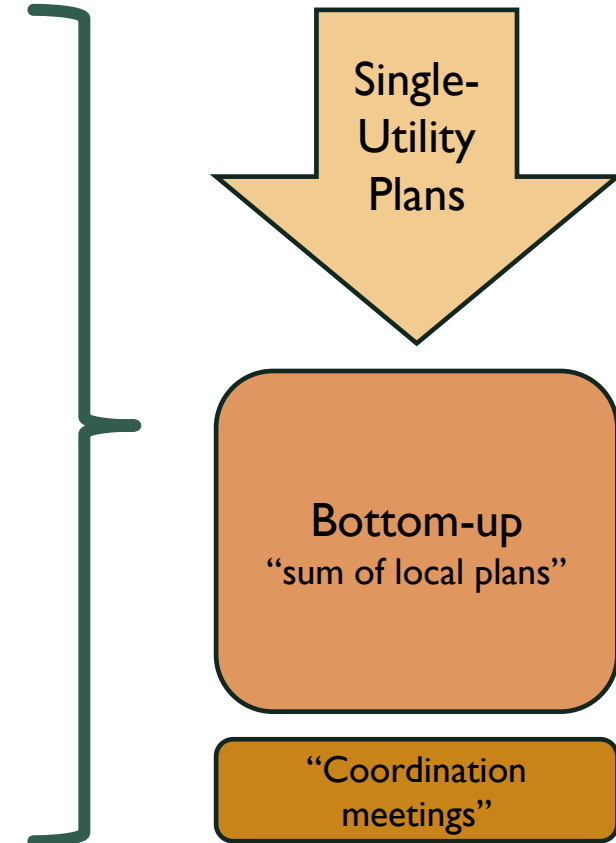
CURRENTLY IN THE WEST

- Local Transmission Planning
 - Single utility. 10- or sometimes 15-year planning horizon
 - Largely focused on expansion for “reliability” (NERC violations)
 - Exceptions: Colorado Power Pathway, Greenlink
 - Allows requests for “economic” studies (from utility or qualified developers)
- Regional Transmission Planning
 - CAISO, NorthernGrid, and WestConnect
 - Considers needs driven by public policy, reliability needs, economic needs (O1000)
 - Projects selected in regional plans go through cost allocation (per tariff)
 - Allows requests for “economic” studies (from utilities or qualified developers)
- Inter-regional
 - Coordination between CAISO, NG, and WC
- Merchant projects
 - SunZia, Transwest Express, SWIP-North (partnership with NVE, CAISO)



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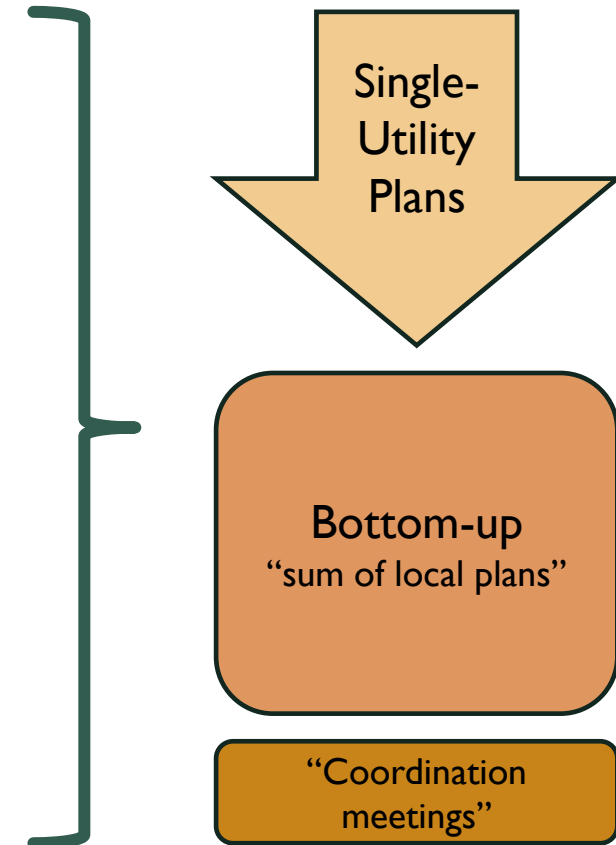


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NEW: LONG-TERM REGIONAL PLANNING ORDER 1920

FERC

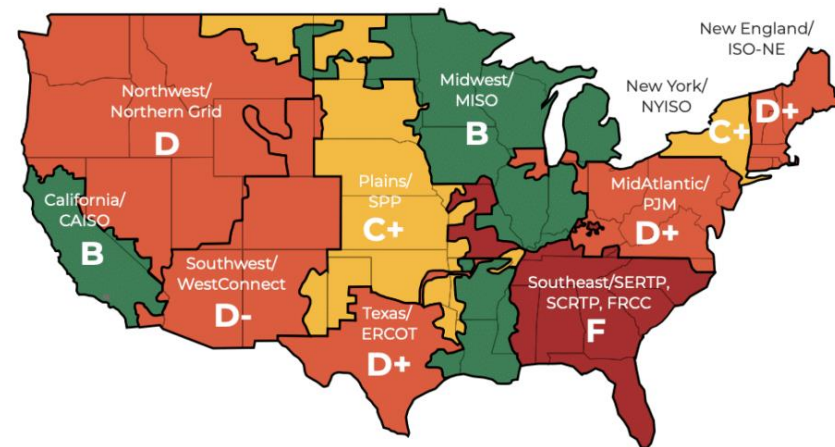
- Local Planning - Single Utility
 - Regional Planning
 - Long-term Regional Planning
 - 3 “plausible and diverse” scenarios ★
 - Consider 7 specific factors driving need for new Tx, and 7 specific benefits ★
 - Establish default cost allocation method and allows “state agreement process” ★
- Order 1920

OTHER

- Joint utility projects
- Merchant projects

Forecast Horizon	Study Frequency
10-15 years	2 years
10-15 years	2 years
★ 20+ years	5 years

Regional Planning Report Card






Source: ACEG “Transmission Planning and Development Regional Report Card” June 2023

TAKING A WIDE LENS ON TRANSMISSION “NEEDS” AND “BENEFITS” IN OI 920

7 Factors

1. Federal, state, local, and federally recognized Tribal **laws affecting resource mix and demand**
2. Federal, state, local, and federally recognized Tribal **laws on decarbonization and electrification**
3. State-approved utility **integrated resource plans** and entities' expected supply obligations
4. **Trends in fuel costs and generator cost and performance** (availability of generation, electric storage resources, and building and transportation electrification technologies)
5. Generator **retirements**
6. Generator **interconnection** requests and withdrawals
7. **Utility and corporate commitments**, and federal, state, local, and federally recognized Tribal policy goals

7 Benefits

1. Avoided or deferred reliability transmission facilities and aging infrastructure replacement
2. Either reduced loss of load probability or reduced planning reserve margin 
3. Production cost savings 
4. Reduced transmission energy losses
5. Reduced congestion due to transmission outages
6. Mitigation of extreme weather events and unexpected system conditions 
7. Capacity cost benefits from reduced peak energy losses

Mandatory

May be “discounted”

DAY-AHEAD MARKET vs RTO

■ Day-Ahead Market

- Day-ahead bidding/scheduling and generation dispatch optimization
- Includes real-time or “imbalance” market (like the Western EIM)

Economic dispatch
optimization over the bulk
of generation

■ ISO/RTO

- Consolidated transmission tariff (OATT)
- Consolidated balancing authority
 - Operates transmission network owned by others
- Conducts transmission planning
 - Includes cost allocation of transmission projects

DA market plus:

Consolidation of
Administration,
Operations,
and
Transmission planning

COST ALLOCATION

- Order 1920 requires:
 - Ex Ante cost allocation method
 - Applies to long-term regional Tx facilities selected by the O1920 process
 - Sets default method for distributing costs among those who benefit
 - Must distribute costs in a manner at least roughly commensurate with benefits
 - State Agreement Process
 - 6 month “state engagement” process required before TOs file tariff updates
 - If states agree to a “State Agreement Process” the TOs *may* file the process with FERC
 - Could lead to an alternative cost allocation method (agreed to by the relevant state entities)
- Order 1920 in an RTO...

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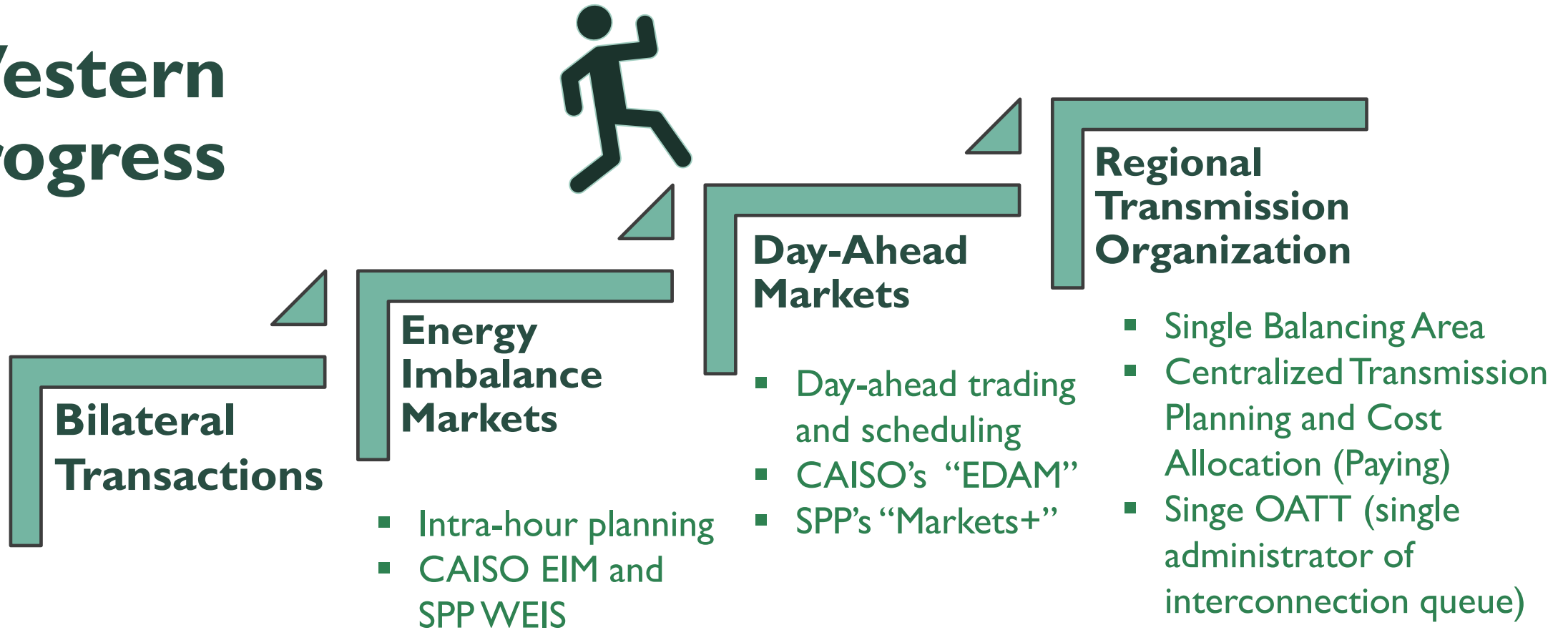
Starts this week!!

TRANSMISSION PLANNING IN AN RTO



Source: ACEG “Transmission Planning and Development Regional Report Card” June 2023

Western Progress



Benefits increase with every step. Centralized transmission planning and other transmission benefits only accomplished through full RTO.

QUESTIONS?

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INTERWEST
ENERGY ALLIANCE

RESOURCES FOR MORE INFORMATION

Energy Strategies, for CREPC: Cost Allocation Frameworks for the West – [Part 1](#) (also: [Part 2](#), [Part 3](#))

Brattle: Transmission Cost Allocation: Principles, Methodologies, and Recommendations ([link](#))

Order 1920 [FERC Explainer](#)

Order 1920 [FERC Fact Sheet](#)

Presentation on O1920 to Organization of MISO State's Cost Allocation Principles Committee ([link](#), start pg. 11)