



**Order 1000 Interregional
Approach**

**June 19, 2013
Board of Directors
Meeting**



Relationship of PEFA and Order 1000

- Public utility transmission providers (FERC “jurisdictional providers”) and non-jurisdictional providers participate in regional transmission expansion planning through ColumbiaGrid’s Planning and Expansion Functional Agreement (“PEFA”)
- Order 1000 sets out regional and interregional transmission planning requirements for jurisdictional providers



Relationship of PEFA and Order 1000 – Cont'd

- Avista and Puget (jurisdictional providers) propose to use PEFA as their Order 1000 compliance vehicle
- BPA has voluntarily sought reciprocity status based, in part, upon participation in the PEFA as modified to address Order 1000 compliance
- Other non-FERC-jurisdictional PEFA Parties with open access tariffs anticipate voluntarily modifying their tariffs to include new PEFA Order 1000 provisions (Seattle, Tacoma)



Timeline

- Regional filings made in October, 2012
 - FERC rulings anticipated on June 20, 2013
- PEFA Parties' interregional filings anticipated to be made on June 19, 2013



Order 1000 Interregional Requirements

- Each pair of Order 1000 transmission planning regions is to develop the same language to be included in each jurisdictional providers' open access transmission tariff that describes the procedures to be used to satisfy the following requirements:
 - The interregional transmission coordination procedures for neighboring planning regions



Requirements – Cont'd

- The sharing of information regarding the respective needs of neighboring planning regions as well as the identification and joint evaluation by the neighboring transmission planning regions of potential interregional transmission facilities that address those needs
- The identification and joint evaluation of transmission facilities that are proposed to be located in more than one planning region
- The exchange of planning data and information between neighboring transmission planning regions at least annually



Requirements – Cont'd

- The maintenance of a website or email list, either by individual public utility transmission providers or through their transmission planning regions, for communication of information related to interregional transmission coordination



Requirements – Cont'd

- Jurisdictional providers in neighboring Order 1000 planning regions are also required to have a common method or methods for allocating the costs of a new Order 1000 interregional transmission facility in the two neighboring transmission planning regions in which the transmission facility is located
 - The cost allocation method(s) used by the neighboring transmission planning regions can differ from the cost allocation method or methods used by each region to allocate the cost of a new interregional transmission facility within that region



Interregional Approach – Background

- Comprehensive collaborative process encompassing the four transmission planning regions in the United States portion of the Western Interconnection (the “Planning Regions”) and their stakeholders
 - ColumbiaGrid
 - Northern Tier Transmission Group (“NTTG”)
 - WestConnect
 - California Independent System Operator Corporation (“CAISO”)



Background – Cont'd

- The Planning Regions successfully developed common tariff language addressing the interregional transmission coordination and cost allocation planning requirements of Order No. 1000
- The other three Planning Regions have already made their interregional filings



Foundation of Interregional Approach

- Consistent with the Order 1000, the foundation of the interregional approach are the Planning Regions' individual regional Order 1000 transmission planning processes
- The common tariff language assumes that the all underlying regional filings are compliant



Interregional Order 1000 Concepts

- Interregional Transmission Project (ITP)
 - Directly interconnects electrically to existing or planned facilities in two or more Planning Regions
 - Is submitted into the regional transmission planning processes of all Relevant Planning Regions pursuant to regional requirements
 - Identified by
 - Proponents
 - Through regional processes
 - Through annual interregional coordination meeting



Interregional Order 1000 Concepts – Cont'd

- **Relevant Planning Region**
 - The Planning Regions that would directly interconnect electrically with an Interregional Transmission Project, unless and until such time as a Planning Region determines that such ITP will not meet any of its regional transmission needs



Interregional Approach High-Level Summary

- Every year, sharing of information regarding regional needs and potential solutions
- Every year, open public meeting to discuss each Planning Region's regional needs and potential solutions, to identify more cost-effective interregional solutions, to discuss status of ITPs
- At the request of an ITP Proponent, joint evaluation of an ITP as a potential solution to regional needs



Interregional Approach High-Level Summary

- Interregional cost allocation for interregional transmission projects that
 - Have been jointly evaluated
 - That have been selected for inclusion in all Relevant Regions' regional transmission plans for purposes of cost allocation as the more efficient or cost-effective solution to their regional needs
 - That request cost allocation



Interregional Approach High-Level Summary

- Costs of a ITP assigned to Relevant Planning Regions based upon their proportionate share of the aggregated benefits
- For those ITPs that receive cost allocation, Relevant Planning Regions will apply their regional cost allocation methodologies to their assigned costs and allocate such costs to the extent possible



Interregional Approach Specifics

- Four components:
 - Annual Interregional Information Exchange
 - Annual Interregional Coordination Meeting
 - ITP Joint Evaluation Process
 - Interregional Cost Allocation Process



Annual Interregional Information Exchange

- Annually, subject to applicable confidentiality and CEII protections, Planning Regions will make available to each other the following information (to the extent it is available in its regional transmission planning process), relating to its regional transmission needs and potential solutions:



Annual Interregional Information Exchange – Cont'd

- Study plan or underlying information that would typically be included in a study plan, such as:
 - identification of base cases
 - planning study assumptions
 - study methodologies
- Initial study reports (or system assessments)
- Regional transmission plan
- Each Planning Region may use such information in its regional transmission planning process



Annual Interregional Coordination Meeting

- Prior to March 31 of each year, the Planning Regions will hold an open, Annual Interregional Coordination Meeting
- The meeting may include the following topics:
 - Each Planning Region’s most recent Annual Interregional Information (to the extent it is not confidential or protected by CEII or other legal restrictions)



Annual Interregional Coordination Meeting – Cont’d

- Identification and preliminary discussion of interregional solutions, including conceptual solutions, that may meet regional transmission needs in each of two or more Planning Regions more cost effectively or efficiently
- Updates of the status of ITPs being evaluated or previously included in a Planning Region’s regional transmission plan



ITP Joint Evaluation Process

- ITPs must be submitted into Relevant Planning Region's regional processes
 - By March 31st of any even numbered year
 - Joint evaluation will commence in the following 24-month period
 - Each region will endeavor to have joint evaluation activities take place in the same general time frame



ITP Joint Evaluation Process – Cont'd

- Relevant Planning Regions will confer on proposed ITP
 - ITP data and projected ITP costs
 - Study assumptions and methodologies it is to use in evaluating the ITP pursuant to its regional transmission planning process
- Relevant Planning Regions will:
 - Resolve differences in ITP data or information with other Relevant Planning Regions that will affect a Relevant Planning Region's evaluation of an ITP



ITP Joint Evaluation Process – Cont'd

- Provide stakeholders an opportunity to participate in its joint evaluation activities in accordance with its regional transmission planning process
- Notify the other Relevant Planning Regions if it determines that the ITP will not meet any of its regional transmission needs (after which time the Relevant Planning Region is no longer obligated to jointly evaluate the ITP)
- Determine under its regional transmission planning process if an ITP is a more cost effective or efficient solution to one or more of its regional transmission needs



Interregional Cost Allocation

- Scope
 - ITPs that have been properly submitted for joint evaluation and that have properly requested interregional cost allocation from each Relevant Planning Region
- Timing
 - It is contemplated that the cost allocation process would commence in the same 24-month period as the joint evaluation
 - Each region will endeavor to have cost allocation activities take place in the same general time frame



Interregional Cost Allocation – Cont'd

- Stakeholder Involvement
 - Relevant Planning Regions will provide stakeholders an opportunity to participate in accordance with their regional transmission planning processes



Interregional Cost Allocation – Cont'd

- Relevant Planning Regions confer on their assumptions and inputs
 - For purposes of determining benefits
 - According to the Relevant Planning Region's regional cost allocation methodology as applied to ITPs
 - Relevant Planning Regions will seek to resolve differences in ITP data or information that would affect analysis results



Interregional Cost Allocation – Cont'd

- Relevant Planning Regions
 - Determine its benefits stated in dollars pursuant to its regional methodology
 - Are “assigned” ITP project costs in proportion to their share of aggregated regional benefits
 - Determine what its regional cost allocation would be if it were to select the ITP in its regional transmission plan for purposes of cost allocation
 - Share results among Planning Regions which may affect whether a Relevant Planning Region selects an ITP for cost allocation



Interregional Cost Allocation – Cont'd

- Each Relevant Planning Region evaluates ITP
Determines whether to select the ITP in its plan for purposes of cost allocation as the more efficient or cost effective solution to a regional need(s)



Interregional Cost Allocation – Cont'd

- If a sufficient number of Relevant Planning Regions select the ITP for purposes of cost allocation, selecting regions will allocate its assigned costs to the extent possible through its Order 1000 regional cost allocation methodology
 - Reevaluation of an ITP can occur if fewer than all Relevant Planning Regions select an ITP for cost allocation
 - In no event will a region that has not selected the ITP for cost allocation be subject to an interregional cost allocation



Interregional Cost Allocation – Cont'd

- Interregional cost allocation is a snapshot in time
 - Changes in an ITP's costs due to changes in project scope, cost overruns, etc. may require a re-evaluation of the project but do not impact an interregional cost allocation
 - The cost allocation process does not create an obligation to construct an ITP or recover or pay costs relating to such ITP
- ITPs, like regional projects, are subject to re-evaluation in subsequent biennial cycles, based on then current data



Interface Between Interregional Approach and ColumbiaGrid Transmission Planning

- While the interregional approach rests on ColumbiaGrid Order 1000 regional transmission planning process currently under review at FERC, in order to interface between the two, certain modifications to the ColumbiaGrid regional planning process are necessary



Modifications to Interface Interregional Approach with ColumbiaGrid Transmission Planning

- Add common tariff language as a new Section 13 in Appendix A of the PEFA
- Add implementation details of the common tariff language in a new Section 14 of Appendix A of the PEFA
- Modify and supplement Order 1000 definitions to address interregional nuances



Modifications to Interface Interregional Approach with ColumbiaGrid Transmission Planning

- Add a pro forma Interregional Transmission Project Agreement to enable ITP Sponsors who are not PEFA Parties to submit the ITP into the ColumbiaGrid planning process to request Order 1000 interregional joint evaluation and cost allocation
 - ITP Sponsors pay a \$50,000 fee



Caveats

- Assumes regional filings are compliant and does not become effective until FERC has accepted Avista's and Puget's regional filings
- If FERC conditions acceptance of these regional filings, further negotiations will be required among PEFA Parties to see if the FERC conditions are acceptable to the other non-jurisdictional parties
- If they are not, the PEFA Parties will need to determine if and how to move forward with respect to Order 1000 and the PEFA



Caveats – Cont'd

- Because of these unknowns, PEFA has not yet been formally amended to address interface between interregional approach and current PEFA
 - PEFA was formally amended (Third Restated PEFA) in support of regional filings, but these amendments do not become effective until FERC has accepted Avista's and Puget's regional filings



Caveats – Cont’d

- Several non-jurisdictional parties that executed the Third Restated PEFA have indicated reluctance to enter into further amendments to the PEFA (including the proposed Fourth Restated PEFA) absent further action by the Commission on Avista’s and PSE’s regional filings
- As such, the PEFA Parties have not yet sought authorization to execute and have not executed the Fourth Restated PEFA



Logistics

- Upon acceptance of the regional and interregional filings, and assuming final management approval, the PEFA Parties will execute the Fourth Amended PEFA
- Assuming the regional filings are accepted, and once the Fourth Amended PEFA has been executed, Avista and Puget plan to amend their Attachment Ks to include the common tariff language and the provisions of the Fourth Amended PEFA
- BPA will make a decision after the regional and interregional filings are resolved as to whether to be an enrolled member of the ColumbiaGrid Order 1000 planning process



Source Documents

- Proposed PEFA modifications to be posted at <https://www.columbiagrid.org/1000-overview.cfm>
- Documents relating to interregional process (including common tariff language and stakeholder materials) posted at: <https://www.columbiagrid.org/O1000Inter-documents.cfm>



Questions?