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Shaping a Renewed Future



FERC Order No. 1000 Compliance Proposed Interregional Coordination Approach

For January 30, 2013 Stakeholder Meeting

Interregional Coordination Team

Posted: January 23, 2013

Draft for discussion purposes only; reflects discussions as of the date of the document and information and proposals reflected are dynamic and have not been fully vetted or approved; content subject to change; some of the discussion in this document may be provided for context and will likely not be part of an Order 1000 interregional filing

Proposed Approach to Order 1000 Interregional Compliance as of January 22, 2013

The purpose of this document is to communicate the substance of the consensus approach to (i) the Drafting Team and (ii) the stakeholders. It is focused on topics that might be included in tariff language, although the ICT is looking to the Drafting Team for its recommendation on what is included in tariff language and, possibly, elsewhere. (In particular, implementation details may not be included in tariff language and transmission providers in different Planning Regions may choose to use different means to memorialize details, if at all.) Ultimately, it is the decision of each transmission provider as to what is included in its tariff. Information contained in footnotes is provided for context.

The following is the proposed Order 1000 interregional approach for transmission providers that are or participate in one of the following Order 1000 Planning Regions: California Independent System Operator, ColumbiaGrid, Northern Tier Transmission Group, and WestConnect (collectively “Planning Regions” and individually “Planning Region”).¹ This approach is firmly grounded in Order 1000 principles (while a number of Order 1000 provisions apply, some of the relevant paragraphs are provided in footnotes, this is not a comprehensive list, however). To the extent reasonably practicable², participating transmission providers will develop the same tariff language to effectuate this approach, and each participating transmission provider with a transmission tariff will place the language in its tariff.³

I. Regional Processes Are the Foundation of Interregional Compliance

Each Planning Region’s regional Order 1000 methodologies (*i.e.*, those that were filed with FERC by October 11, 2012 – Regional Filings) (“Regional” methodologies or processes) are the principal vehicles through which Order 1000 interregional compliance will be achieved, both

¹ Each Planning Region is different, both in structure and in participation. The California Independent System Operator is a jurisdictional transmission provider and a Planning Region. While ColumbiaGrid, Northern Tier Transmission Group, and WestConnect are Order 1000 “Planning Regions”, those regions are composed of both FERC-jurisdictional and non-jurisdictional transmission providers and other entities. Some, but not all, of the participants of WestConnect, Northern Tier Transmission Group, and ColumbiaGrid will make Order 1000 interregional filings (including for purposes of reciprocity).

² It is possible, given differences between regions, transmission providers, and transmission tariffs, that slightly different tariff language may be required in some instances to achieve the agreed-upon outcome among transmission providers.

³ The Drafting Team will discuss and provide a recommendation to the ICT regarding the issue of effective date – both relating to the underlying regional filings and the synchronization of planning cycles.

with respect to interregional evaluation and cost allocation.⁴ The Planning Regions will supplement their Regional processes and methodologies as described below to ensure that they provide for the identification and joint evaluation of interregional solutions that may be more cost effective or efficient solutions to address their Regional transmission needs.

II. Definition of Interregional Transmission Facility⁵

An interregional transmission facility (“ITF”) is a proposed new facility⁶ that:

- Is proposed to electrically interconnect to existing or planned (or proposed as the case may be?) facilities of at least two of the Planning Regions (the regions that will be directly interconnected are “Relevant Regions”) and
- Is seeking Order 1000 interregional cost allocation.

If the ITF interconnects at a facility jointly owned by or with ownership-like rights of entities in multiple Planning Regions, the project is deemed to be electrically interconnected to each such Planning Region.

III. Interregional Identification and Joint Evaluation Procedure

Overview. Coordination, identification and joint evaluation of ITFs will occur primarily through Regional processes.⁷ The purpose of such coordination, identification and joint evaluation is to

⁴ Regional processes speak for themselves. The ICT assumes, subject to input from the Drafting Team, that Regional requirements will not be restated or characterized (individually or collectively) and, to the extent a Planning Region modifies its Regional process to interface with the interregional approach, that is a matter left solely to that Planning Region.

⁵ Planning Region has defined its “facilities” in its Regional Filings. Because of the geographic overlay of some of the Planning Regions, some Regions have not defined their regions geographically. It is important that the definition talk about electric interconnection, not geographic location.

⁶ The Drafting Team is discussing the Order requirements with respect to upgrades and, if they are within its scope, whether the tariff language needs to explicitly call out upgrades.

⁷ Each Planning Region, through its Regional transmission planning process, identifies its Regional transmission needs, including those relating to reliability, economic, and public policy requirements, taking into account non-transmission alternatives. Each Planning Region determines how to address its Regional transmission needs when developing its Regional transmission plan, whether that be through local, regional, or interregional solutions. Each Planning Region develops a Regional transmission plan. Under the Order 1000 Interregional Coordination Approach, the Planning Regions will “coordinate” their Regional planning processes and Regional transmission plans in order to allow for the identification and joint evaluation of ITFs.

identify and evaluate possible ITFs that could address identified Regional transmission needs more efficiently or cost-effectively than separate regional transmission facilities.

Throughout its Regional planning process, each Planning Region will, at a minimum once a year, share and coordinate the results of its Regional planning process, including its draft and final Regional transmission plan and underlying planning data, planning assumptions, and draft and final study plans, with other Planning Regions and stakeholders. Each receiving Planning Region will acknowledge receipt of such information, and will consider such information and determine how to use such information in accordance with its Regional planning process.

Potential ITFs will be identified through (i) Regional planning processes, either through the planning process itself or as a submittal by an ITF sponsor or proponent in the Relevant Regions' Regional planning processes, and (ii) a collaborative annual discussion of the Planning Regions and stakeholders.

Once a sponsor or proponent has requested Order 1000 cost allocation for an ITF, such ITF will be jointly evaluated by the Relevant Regions and their stakeholders. The Relevant Regions will coordinate regarding study assumptions and methodologies and attempt to resolve any differences relating to the ITF or information regarding other Planning Regions. The Relevant Regions will attempt to reach agreement on a single cost estimate for the ITF and, if agreement cannot be reached, shall use cost estimates as set out below.

In order that each Relevant Region has sufficient cost information from which to determine whether (i) the ITF is the more cost-effective or efficient alternative and (ii) select the ITF for inclusion in its Regional transmission plan for purposes of cost allocation, each Planning Region will provide to Relevant Regions information regarding its potential benefits from the ITF and how it might allocate costs under its Regional cost allocation methodologies.

The Relevant Regions may decide to hold joint meetings of their Regional planning processes. Even if the Relevant Regions hold joint meetings, however, each Relevant Region must still select the ITF in its Regional transmission plan for purposes of cost allocation. As such, the joint meetings are only to facilitate the studies and inform the Regional processes.

Each Relevant Region will keep its stakeholders apprised of the joint evaluation, and an opportunity to provide input, throughout the evaluation. Any meetings (including conference calls) held by the Relevant Regions to fulfill their joint evaluation obligations will be open to stakeholders subject to appropriate protection of CEII and confidential materials, which stakeholders will be notified in accordance with each Relevant Region's Regional planning

process; provided, that Relevant Regions and participating transmission providers are not precluded from having transmission provider-only meetings to discuss matters relating to ITFs.⁸

It should be noted that while this paper sets out a sequential approach to coordination, identification and joint evaluation, by its nature, interregional coordination, identification and joint evaluation may need to be flexible, iterative, and non-sequential. For example, as described below, while the Planning Regions will be synchronizing their planning cycles in order to (i) support Order 1000 interregional compliance so that the joint evaluation take places at roughly the same time in Relevant Regions and (ii) provide ITF sponsors/proponents seeking interregional cost allocation and stakeholders some information regarding when an ITF can be submitted and when it might expect an answer from the Relevant Regions, the planning cycles of the Planning Regions are and will remain different.⁹ As such, it is not possible for the Planning Regions to commit to specific timeframes.

1. Regional Planning Processes Coordination/Interregional Data Exchange.

Throughout its Regional planning process, each Planning Region will provide to the other Planning Regions the following information. Any data provided will be done so subject to any applicable confidentiality and CEII restrictions as defined in the respective Planning Region's Regional planning process, and the recipient of any data will assume the risk in using such data of any errors or omissions. The anticipated timing of this coordination/exchange for each Planning Region is set out in Table 1 below.

During the development of its study plan¹⁰, each Planning Region will provide the other Planning Regions and stakeholders with its study plan or underlying information that would typically be included in a study plan.

Each Planning Region will provide the other Planning Regions and stakeholders its draft and final Regional transmission plans, including its underlying Regional transmission needs, regional

⁸ The ICT is still considering how to describe the transmission providers' ability to meet privately. The goal is to ensure a robust stakeholder process with public meetings while allowing transmission providers to meet on their own as needed. The ability to hold private meetings will apply throughout the interregional approach – be it identification, joint evaluation, or cost allocation. The ICT discussions have noted that Order 1000 does not prohibit private meetings, and many transmission providers believe they are essential to actually getting interregional transmission facilities built. It was suggested recently, however, that some stakeholders would not support the ability of transmission providers to have any non-public discussions.

⁹ For example, WestConnect is a biennial planning process that allows for scenario and project submittals in Q1 and Q5 of its planning cycle. Q5 transmission facility or non-transmission alternative submittals that are proposed to meet a regional identified need will be evaluated in the second year of its planning cycle to determine whether the project is a more efficient or cost effective solution. CA ISO will evaluate a submitted ITF through a two-year interregional cycle, and ColumbiaGrid and NTTG will also evaluate submitted ITFs throughout the same two-year period (Q1 – Q8 of their biennial planning cycles).

¹⁰ Generally, a study plan describes a Planning Region's planning assumptions and details about the studies that will be conducted during that Planning Region's planning phase.

reliability assessments, economic assessments, project information, potential solutions it has identified to address those needs including potential ITFs, and projects that may be subject to reevaluation and the processes and conditions under which reevaluation may be triggered.

The Planning Regions will typically exchange planning data and information during the following periods:

Table 1
Timing of Planning Data and Information Exchange Between Planning Regions

Planning Region	Study cycle	Data Collection	Study Plan	Draft Plan	Final Plan
CAISO	Annual		Y1 Q1		Y2 Q1 (Q5)
Columbia Grid	Biennial		Y1 Q1	Y1 Q4	Y2 Q1 (Q5)
NTTG	Biennial start Jan of odd years	Y1 Q1 w/updates Y2 Q1 (Q5)	Y1 Q2	Y2 Q1 (Q5)	Y2 Q4 (Q8)
West Connect	Biennial	Q1	Q2	Q7 & Q8	Q8

Each Planning Region will provide the foregoing information directly to the other Planning Regions, will confirm delivery of such information to all Planning Regions, and will provide notice of such coordination to its stakeholders in accordance with its Regional planning processes. The providing Planning Region will give other Planning Regions and stakeholders an opportunity to review and comment on such information.

Each receiving Planning Region has the obligation to acknowledge receipt of the information from the providing Region and to consider the information that has been provided. Each Planning Region will determine what use to make of such information, if any, in accordance with its Regional process.

2. Identification of ITFs.

Potential interregional solutions to meet Regional needs on a more cost effective or efficient basis originate from:

- a. Identification in a Regional planning process
 - i. A Regional process may identify an ITF as a conceptual solution to meet Regional needs
 - ii. An ITF sponsor or proponent may submit a proposed ITF into each of the Relevant Region’s Regional planning process

- b. Identification through, at a minimum, an annual meeting of the Planning Regions and their stakeholders held to identify potential interregional conceptual solutions that may meet identified Regional transmission needs more cost-effectively or efficiently. The meeting will be held at a time when the Planning Regions have had sufficient opportunity to consider the Regional transmission needs and related information of the other Planning Regions. This meeting will be open to stakeholders. Each Planning Region will notify its stakeholders in accordance with its Regional process regarding the meeting, and the stakeholders' participation in the meeting will be subject to the CEII and confidentiality protections of the respective Planning Region's Regional planning process. Any interregional conceptual solutions that are identified at this meeting will only be evaluated further by a Planning Region (i) if such Planning Region incorporates the conceptual solution into its Regional planning process for further consideration or (ii) a proponent or sponsor submits the conceptual solution into the Regional planning processes of all Relevant Regions.

3. Joint Evaluation.

A joint evaluation by Relevant Regions is triggered when an ITF sponsor(s) or proponent(s) requests an Order 1000 interregional cost allocation.¹¹ Joint evaluation will occur through the Relevant Regions' Regional planning processes in the same general timeframe (as shown in Table 2 below). Each Relevant Region will assess through its Regional planning process whether a proposed ITF meets its Regional transmission needs, is a more cost effective and efficient alternative, and determines whether to select the ITF in its Regional transmission plan for purposes of Order 1000 interregional cost allocation.

- a. Request for Order 1000 Interregional Cost Allocation. An ITF sponsor(s) or proponent(s) may request an Order 1000 interregional cost allocation by submitting the ITF into the Regional planning processes of each Relevant Region and requesting an interregional cost allocation in accordance with each Relevant Region's Regional processes. An ITF sponsor(s)/proponent(s) may not submit an ITF that has already been submitted, is under consideration, or has been selected in a Relevant Region's Regional planning processes with a different sponsor.
 - i. Timing of ITF Submittal. When the Order 1000 interregional approach becomes effective, the regions will overlay their planning cycles such that CA ISO, ColumbiaGrid, NTTG's Q1 is WestConnect's Q5. While ITF sponsor(s)/proponent(s) may submit their ITFs annually into each Relevant

¹¹ ITFs that do not seek an Order 1000 interregional cost allocation may be evaluated, as appropriate, in Regional planning processes.

Planning Region's transmission planning process, it is preferable that they submit ITF's during Q1 for ColumbiaGrid and NTTG, Q1 of every other year for CA ISO, and Q5 for WestConnect (with the goal of submittals during the same timeframe into each region).

- ii. Submittal Requirements. An ITF sponsor(s)/proponent(s) must provide all ITF data and other requested information required by each Relevant Region in order for the Relevant Regions to complete the required analysis of an ITF proposal, in accordance with the Regional timelines. The Relevant Regions will determine whether the sponsor(s)/proponent(s) has provided sufficient information and, if any Relevant Region finds the data or information to be insufficient, it will notify the ITF sponsor(s)/proponent(s) of any insufficiency and provide it with a brief period of time to supplement the submission in accordance with the Relevant Region's Regional planning process. Failure by the ITF sponsor(s)/proponent(s) to fully complete the appropriate data templates after the period allowed for supplemental submissions will constitute a failure to satisfy this study requirement.
- iii. The ITF sponsor(s)/proponent(s) will also confirm with each Relevant Region that it has submitted the ITF into all Relevant Regions' Regional planning processes.

The Relevant Regions will confer to confirm that the ITF sponsor(s)/proponent(s) has met each of the Relevant Region's submittal requirements.

- b. Joint Evaluation. The Relevant Regions will jointly evaluate each ITF for which a sponsor(s)/proponent(s) has requested Order 1000 cost allocation.
 - i. Study Assumptions and Methodologies. The Relevant Regions will confer regarding the study assumptions and methodologies to use in its respective Regional planning process' evaluation of the ITF and attempt to resolve any necessary differences relating to the ITF or to data specific to other Relevant Regions. The Relevant Regions will confer using whatever means of communication the regions find appropriate given the specifics of the ITF (for example, e-mail, conference call or meeting). Each Relevant Region will provide notice and specifics regarding the discussion to its stakeholders and provide its stakeholders with an opportunity for review and comment in accordance with its Regional planning process. The Relevant Regions may choose to hold joint meetings of their Regional planning processes. The joint meetings will be open

to stakeholders and noticed in accordance with the Relevant Regions’ Regional planning processes.

- ii. ITF Cost Estimate. The Relevant Regions will attempt to agree upon a single cost estimate for an ITF to be used for purposes of interregional cost allocation. Each Relevant Region will evaluate the ITF's projected costs in its Regional process. If the Regional evaluations result in different cost estimates, the regions will discuss the underlying reasons for such differences and attempt to reconcile their estimates.

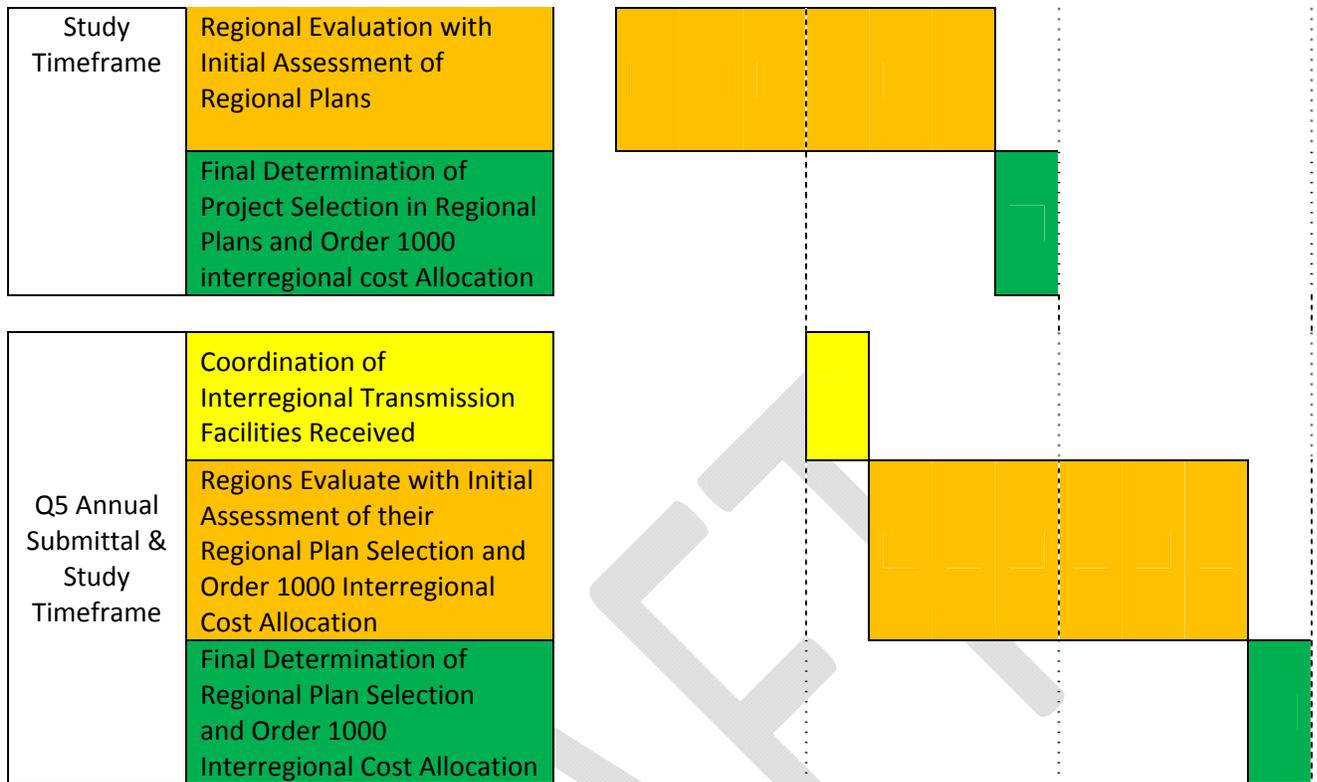
- iii. Timeframe. *[Still under ICT consideration.]* The evaluation processes and timeframes between each Planning Region do not match exactly; however, each Region does proceed through a two-year general timeframe¹². While it will not be a tariff requirement, 24 months after the Planning Regions have accepted a submittal and cost allocation request for an ITF, if at least two of the Relevant Regions (but fewer than all) have selected the ITF for purposes of cost allocation, the selecting Relevant Regions will provide information to the ITF sponsor(s)/proponent(s) regarding what the assignment of costs among the selecting Relevant Regions would be pursuant to the cost allocation methodology if the undecided Relevant Regions do not ultimately select the ITF and participate in cost allocation (see below for more detail regarding the cost allocation methodology). At such time as all Relevant Regions have decided whether to select the ITF for purposes of cost allocation, if appropriate, the cost allocation methodology will be applied as set out below in the cost allocation section. *[Even if this approach is ultimately accepted - ICT considering whether it works if there are only two Relevant Regions]*

Table 2 – *[Might need to be updated]*

Interregional Transmission Facility Submission and Study Timeframe

		<---- MAXIMUM TIME ---->											
Annual Planning Cycle		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Biennial Planning Cycle		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q1	Q2	Q3	Q4
Preferred Q1 Submittal &	Regional Coordination of Interregional Transmission Facilities Received												

¹² Although CA ISO has an annual plan, they have indicated they can work with a two-year cycle for ITFs. Also, while WestConnect and Northern Tier Transmission Group are required to make a decision with respect to all Order 1000 projects in each biennial plan, ColumbiaGrid can carry over the evaluation of an ITF into the following planning cycle.



iv. Transparency and Stakeholder Involvement. Stakeholder involvement in Regional transmission planning processes is encouraged and will provide stakeholders the primary opportunity to be involved and provide input to the joint evaluation. Each transmission provider individually or through its Planning Region will communicate information related to ITF coordination by either posting this information on its website or through an email distribution list. This information will be posted in a way that stakeholders are able to distinguish between information related to ITF coordination and information related to Regional transmission planning.

Stakeholders are provided the opportunity to provide input into an ITF proposal through the existing processes defined in each Planning Region’s Regional planning process. In order for the Planning Region to potentially use this input in transmission planning studies, the submitter must provide sufficient data.

V. Interregional Cost Allocation

Overview. In the interregional approach, costs of an ITF are assigned to a Relevant Region in proportion to that region's share of the total benefits identified by the Relevant Regions. In turn, a Relevant Region that has selected the ITF for purposes of cost allocation allocates its assigned costs, to the extent it is able, among beneficiaries within its region based on the Relevant Region's own Regional cost allocation methodology. Excess project costs that cannot be allocated under the Regional methodologies are allocated to the ITF's sponsors as a class.¹³

As the interregional cost allocation methodology will rely on the Regional processes and methodologies for cost allocation, the Relevant Regions will solicit and consider stakeholder input regarding an ITF project as part of their Regional processes. To the extent the Relevant Regions are required to confer, they may choose the means of communication they find appropriate given the specifics of the ITF (for example, e-mail, conference call or meeting). Each Relevant Region will provide notice and specifics regarding the discussion to its stakeholders and provide its stakeholders with an opportunity for review and comment in accordance with its Regional methodologies. The Relevant Regions may choose to hold joint meetings of their Regional processes. The joint meetings will be open to stakeholders and noticed in accordance with the Relevant Regions' Regional planning processes.

1. Selection for Purposes of Order 1000 Cost Allocation

In order for an ITF to receive an Order 1000 interregional cost allocation, it must be selected by each Relevant Region and placed in its transmission plan for purposes of cost allocation.¹⁴ Accordingly, to be selected, an ITF project must first be evaluated and selected in the Relevant Regions' planning processes as more efficient or cost-effective.¹⁵

If at least two, but fewer than all, Relevant Regions select the ITF for cost allocation, there will be a reevaluation of the interregional cost allocation procedure as if the region(s) that did not select the ITF for cost allocation would not be directly interconnected to the ITF and would no longer be considered a Relevant Region. Through the reevaluation, the remaining Relevant Regions will determine if, without the participation of the non-selecting region(s), the ITF is still the more cost effective or efficient solution for its region and whether to select the ITF in its

¹³ Order 1000 recognizes that, since the regional cost allocation methodology of two regions may vary from one another, the interregional cost allocation methodology used by these two regions for assigning costs of an ITF project between these regions may be the same as the regional cost allocation methodology of one region, or the other, or different from either of the two. Order 1000 ¶ 578.

¹⁴ Order 1000, ¶ 582

¹⁵ Order 1000 alternately refers to meeting "transmission needs more efficiently and cost-effectively" and a "more efficient or cost-effective solution to regional transmission needs." (Emphasis added.) This proposal likewise uses the conjunctions interchangeably in this context.

transmission plan for purposes of cost allocation. There will be as many reevaluations as are needed to confirm that at least two Relevant Regions have selected the ITF for cost allocation notwithstanding the fact that not all of the interconnected regions have selected the ITF for cost allocation. In no event will a region that has not selected the ITF for cost allocation be subject to an interregional cost allocation.

2. Benefits Determination

Each Relevant Region will determine the Regional benefits of the ITF in accordance with its own filed and approved Order 1000 Regional planning and cost allocation methodologies. Prior to such determination, the Relevant Regions will confer to see whether they can agree on any of the assumptions to be used for the benefits determination with the acknowledgement that the goal is for each Relevant Region to have a fair and non-discriminatory comparison of the ITF to its Regional and, in some instances, local solutions.

3. Assignment of Estimated ITF Costs to Relevant Regions

Each Relevant Region will receive a cost assignment of the ITF proportional to its pro rata share of the total benefits identified for the Relevant Regions.

- a. In the event that a single cost estimate has not been agreed upon by the Relevant Regions, the following cost estimates will be used:
 - i. For purposes of evaluating whether the ITF is a more cost effective and efficient solution and whether it will select the ITF in its transmission plan for purposes of cost allocation, each Relevant Region will use its own cost estimate (which it may modify after discussion with the other regions).
 - ii. For purposes of applying the interregional cost allocation methodology, the Relevant Regions will use the lower of the cost estimates of the ITF's sponsor/proponent, if any, or of the Relevant Regions to determine the ITF's costs that will be assigned to such Relevant Region.

4. Selection by Relevant Regions for Inclusion in Transmission Plan for Purposes of Cost Allocation

Using its assigned ITF costs, each Relevant Region will determine whether the ITF is a more efficient or cost-effective solution to meet its transmission needs and whether to select the ITF in its regional transmission plan for purposes of Order 1000 cost allocation. This may include consideration by a Relevant Region of costs assigned to or from the region as a result of any allocation to the ITF's sponsor(s). Although this process will be coordinated between (among)

Relevant Regions, the determinations by Relevant Regions will not necessarily be made simultaneously. Before making a final decision on whether to select an ITF for inclusion in its plan for purposes of cost allocation, the Relevant Regions will communicate with each other (anticipated to be Q8 for CA ISO, CG, NTTG and Q4 for WestConnect) and share a preliminary, non-binding identification of which ITFs it will likely include in its Regional transmission plan for purpose of cost allocation.

5. Application of Regional Cost Allocation Methodologies

- a. Each Relevant Region that selects the ITF for purposes of cost allocation will allocate its assigned project costs based on that region's Regional cost allocation methodology.
- b. Project costs that cannot be allocated under Regional methodologies to non-sponsors will be allocated to project sponsors as a class.¹⁶
- c. Information regarding Regional cost allocations will be shared among Relevant Regions and, if applicable, a Relevant Region may incorporate the information regarding another region's cost allocations in determining its own final selection of an ITF in its regional plan for purposes of cost allocation.

¹⁶ It should be noted that some Regional methodologies provide for any remaining cost (i.e., cost over and above the cost supported by the benefits identified by the regional cost allocation methodology) to be allocated to the project sponsor. At least one Regional methodology does not recognize a project sponsor or allow for an allocation to a sponsor but, rather, provides that if a regional methodology does not provide for the allocation of the remaining cost to the project sponsor, that region's share of the project cost would exceed the region's benefits and the project would not be selected in its regional plan.