

Using FERC Order 1000 to Better Integrate Variable Energy Resources into the Grid

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The Sustainable FERC Project
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What Is the Sustainable FERC Project?



FERC Order 1000

- Applies to all public utility transmission providers – RTOs/ISOs and all other FERC-jurisdictional utilities.
- Requires procedures to implement: regional planning; cost allocation for regional projects; interregional coordination and cost allocation; and removal of the incumbent utility right of first refusal to build projects.

Applies to all RTOs/ISOs and FERC- Jurisdictional Transmission Providers

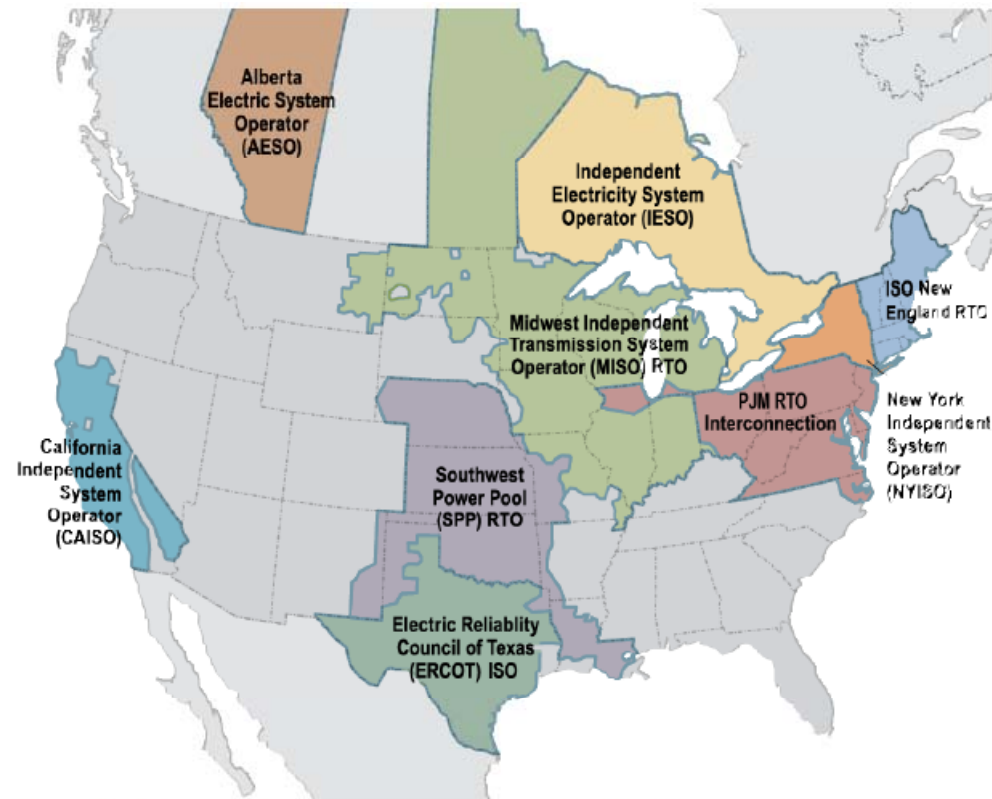


Figure 22-2. Independent system operators and regional transmission organizations of North America

Why Did FERC Act?

- Regional planning may reveal system needs and solutions to those needs that are more cost-effective and efficient than local/sub-regional solutions.
- Likewise, interregional coordination may reveal interregional solutions that are more cost-effective and efficient than regional solutions.
- Failure to identify and select these solutions could lead to unjust and unreasonable rates.

Our Interests

(Order 1000 Addresses All of These)

1. Full consideration of federal, state and local public policy requirements and other important clean energy policy objectives that drive system needs; and implementation of solutions to address those needs.
 - *Examples: State RES, EEPS, water and other environmental protection laws, retail demand response and other programs.*

Our Interests

(Order 1000 Addresses All of These)

2. Identification and evaluation of non-wires solutions – on a comparable basis to wires solutions - that could meet system needs more cost-effectively and efficiently than a wires solution.
 - Optimally, cost recovery for non-wires solutions – not required now.
 - Or, state utility commission approval/ guidance/direction to implement them.

Our Interests

(Order 1000 Addresses All of These)

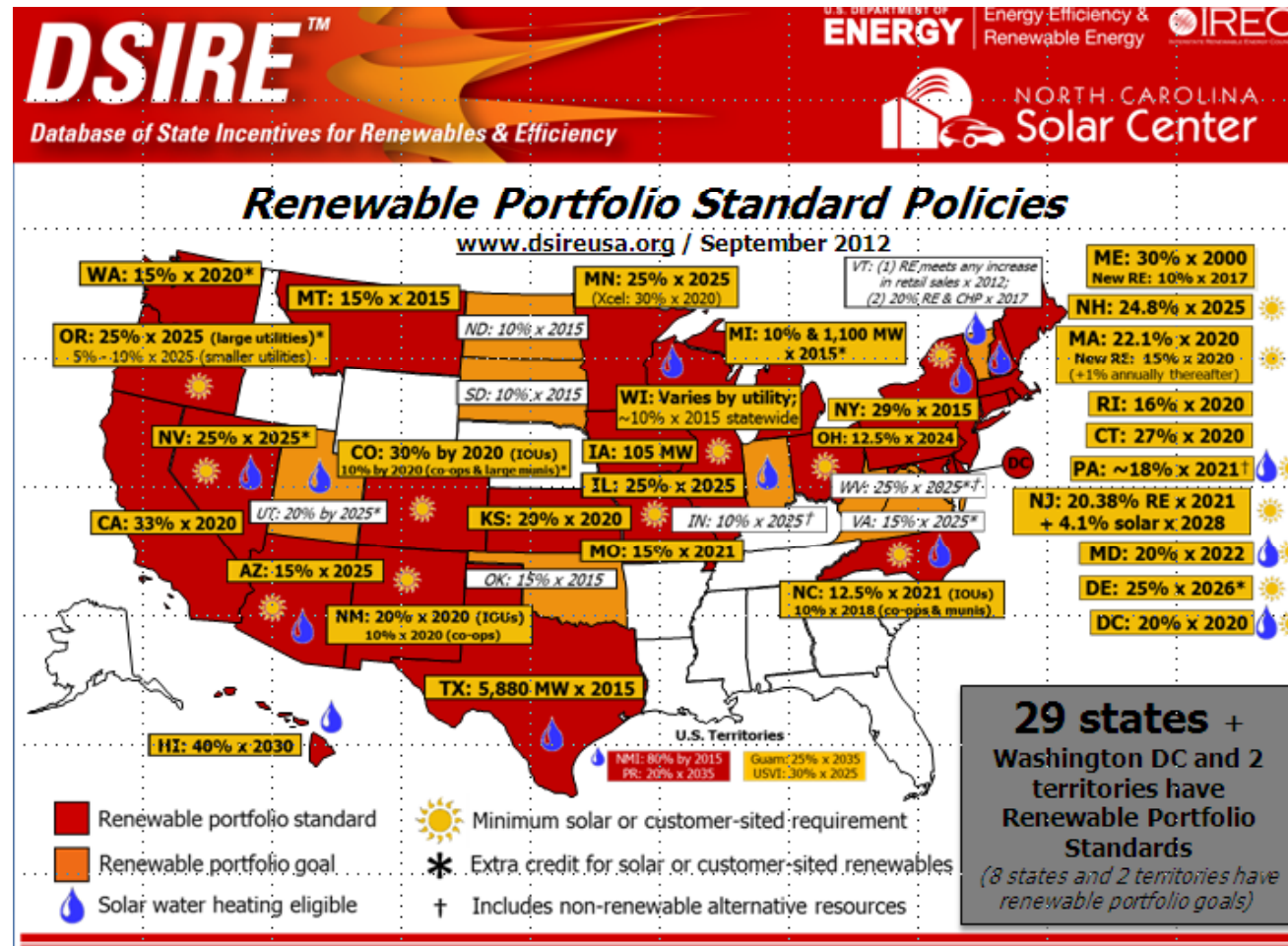
3. Meaningful opportunities for stakeholder involvement in the system planning process.
 - Actions that the planning regions will take to consult with stakeholders, timelines for consultations, matters subject to consultation.

Bottom Line: A Prudently Designed Planning Process Can Lead to More Cost-Effective and Efficient Solutions (and Help Integrate Renewables)

Key Order 1000 Opportunities

- State → Regional: Require states to use regional planning to help to meet their planning and resource adequacy goals.
 - PUCs to require state utilities to use regional planning as a tool to better meet state plans.
 - Regional planning can identify solutions that accommodate state resource plans and goals.
 - RTOs and others should provide state commissions all relevant system information through standard data requests.

State Renewable Energy Standards – Finding Regional Solutions . . .



... At a Lower Cost

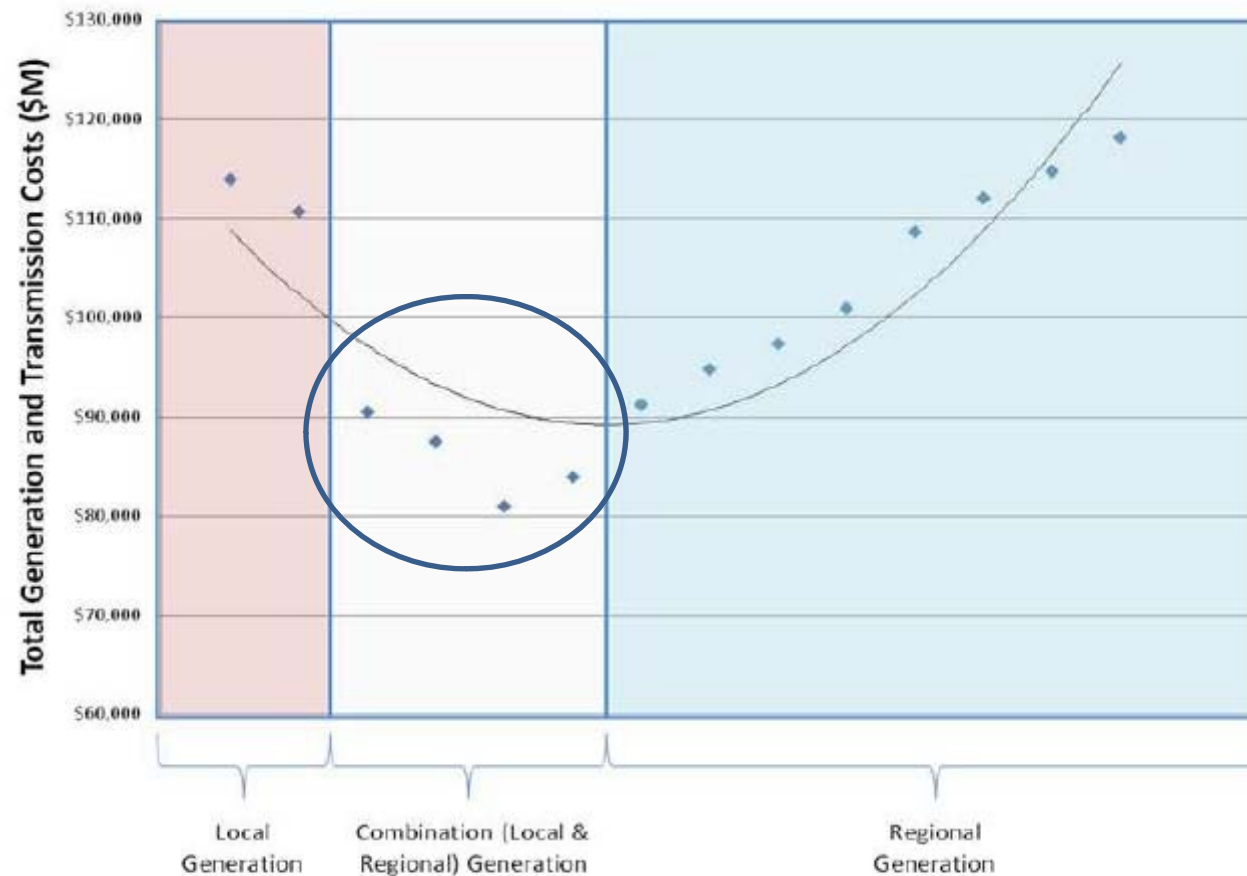


Figure 4.1-9: Capital costs of transmission and generation

Source: MISO MTEP-11, at p. 54.

Key Order 1000 Opportunities

- Regional → State: Use regional planning to identify distribution system (state-regulated) and non-wires solutions (frequently state-regulations) that can meet regional system needs more cost-effectively and efficiently than transmission solutions.
 - *Example: Energy Efficiency as a Resource*
 - Can help shape retail market design and planning.

Key Order 1000 Opportunities

- Use planning to improve markets and programs, and vice versa.



Interregional Planning

- Reveal opportunities for cost-effective and efficient delivery of renewable energy resources between regions.

NREL's Renewable Energy Futures Study (2012)

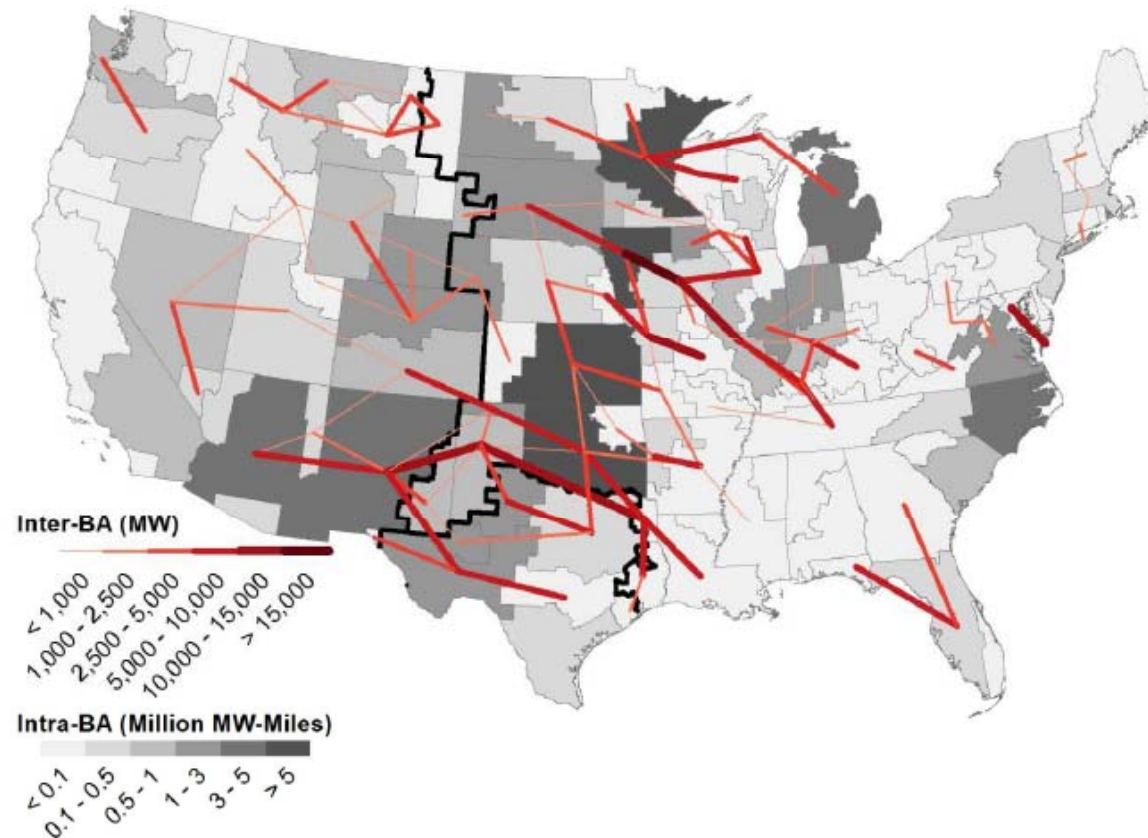


Figure ES-9. New transmission capacity additions and conceptual location in the 80% RE-ITI scenario

What's Next?

- Most compliance filings due October 11
- Interregional coordination and cost allocation compliance filings due in April 2013.
- Stakeholders will scrutinize filings, comment on shortcomings and strengths.
- Implementation is key – paper compliance is unacceptable – and stakeholder involvement is crucial.

For Additional Information

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