

143 FERC ¶ 61,255  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

Avista Corporation	Docket Nos. ER13-93-000 ER13-94-000
Puget Sound Energy, Inc.	ER13-98-000 ER13-99-000
MATL LLP	ER13-836-000
United States Department of Energy – Bonneville Power Administration	NJ13-1-000

ORDER ON COMPLIANCE FILINGS AND PETITION FOR DECLARATORY  
ORDER

(Issued June 20, 2013)

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Appendix A: Abbreviated Names of Parties and Commenter

Appendix B: Interventions, Comments, Protests, and Answers by Docket Number

1. On October 11, 2012 pursuant to section 206 of the Federal Power Act (FPA),<sup>1</sup> Avista Corporation (Avista) and Puget Sound Energy, Inc. (Puget Sound), submitted revisions to their transmission planning processes under their respective Open Access Transmission Tariffs (OATT) to comply with Order No. 1000.<sup>2</sup> On October 11, 2012, Avista and Puget Sound also submitted in response to Order No. 1000, the ColumbiaGrid Third Restated Planning and Expansion Functional Agreement (Restated PEFA).<sup>3</sup> On January 30, 2013, MATL LLP (MATL) submitted revisions to its transmission planning process under its OATT. MATL also submitted a certificate of concurrence for the Restated PEFA in its filing.

2. On October 11, 2012, Bonneville Power submitted a Petition for Declaratory Order (Petition) seeking a determination from the Commission that revisions to its transmission planning process under its OATT substantially conform, or are superior to, the *pro forma* OATT as it has been modified by Order No. 1000. In this order we will refer to Avista, Puget Sound, MATL and Bonneville Power collectively as Filing Parties.<sup>4</sup>

3. As detailed below, we find that the respective compliance filings submitted by Avista, Puget Sound, and MATL partially comply with the requirements of Order No. 1000. In those areas where the filings do not comply, the Commission directs further compliance filings within 120 days of the date of issuance of this order. The Commission also conditionally accepts the Restated PEFA, subject to further revisions. In this order,

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<sup>1</sup> 16 U.S.C. § 824e (2006).

<sup>2</sup> *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

<sup>3</sup> Avista and Puget Sound filed the Restated PEFA as a rate schedule with the Commission pursuant to section 205 of the FPA, 16 U.S.C. § 824d (2006), in compliance with Order No. 1000.

<sup>4</sup> In this order, we describe the Filing Parties' revised Attachment Ks and their compliance or conformance with Order No. 1000 collectively. We recognize that Bonneville Power is not a public utility under section 201 of the FPA, 16 U.S.C. § 824 (2006), and is not subject to Commission directives made pursuant to FPA section 206; however, in reviewing revisions to Bonneville Power's Attachment K, the Commission also indicates further revisions needed in order for Bonneville Power's Attachment K to substantially conform to the *pro forma* OATT, as modified by Order No. 1000.

we also grant Bonneville Power's Petition, in part, subject to further modifications to its transmission planning process.

### **Background**

4. In Order No. 1000, the Commission amended the transmission planning and cost allocation requirements of Order No. 890<sup>5</sup> to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Order No. 1000's transmission planning reforms require that each public utility transmission provider: (1) participate in a regional transmission planning process that produces a regional transmission plan; (2) amends its OATT to describe procedures for the consideration of transmission needs driven by public policy requirements established by local, state, or federal laws or regulations in the local and regional transmission planning processes; (3) removes federal rights of first refusal from Commission-jurisdictional tariffs and agreements for certain new transmission facilities; and (4) improves coordination between neighboring transmission planning regions for new interregional transmission facilities.

5. Order No. 1000's cost allocation reforms require that each public utility transmission provider participate in a regional transmission planning process that has: (1) a regional cost allocation method or methods for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation; and (2) an interregional cost allocation method or methods for the cost of new transmission facilities that are located in two neighboring transmission planning regions and are jointly evaluated by the two regions in the interregional transmission coordination procedures required by Order No. 1000. Order No. 1000 also requires that each cost allocation method satisfy six cost allocation principles.

6. The Commission acknowledged in Order No. 1000 that each transmission planning region has unique characteristics, and, therefore, Order No. 1000 accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate regional differences.<sup>6</sup> Order No. 1000 does not prescribe the exact manner in which public utility transmission

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<sup>5</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

<sup>6</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 61.

providers must fulfill the regional transmission planning requirements.<sup>7</sup> Similarly, because the Commission did not want to prescribe a uniform method of cost allocation for every transmission planning region, Order No. 1000 adopts the use of cost allocation principles.<sup>8</sup> The Commission stated that it was acting to identify a minimum set of requirements that must be met to ensure that all transmission planning processes and cost allocation mechanisms subject to its jurisdiction result in Commission-jurisdictional services being provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, and it acknowledged that public utility transmission providers in some regions may already meet or exceed some requirements of Order No. 1000.<sup>9</sup>

## **I. Compliance Filings**

### **A. Avista, Puget Sound, and MATL Compliance Filings**

7. On October 11, 2012, Avista and Puget Sound submitted, pursuant to section 206 of the FPA, revised Attachment Ks under their respective OATTs.<sup>10</sup> Avista and Puget Sound also filed the Restated PEFA, which they state was revised to facilitate compliance with Order No. 1000 by Planning Parties that participate in the ColumbiaGrid regional planning process.<sup>11</sup> Filing Parties state that their revised OATTs together with the

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<sup>7</sup> *Id.* P 157.

<sup>8</sup> *Id.* P 604.

<sup>9</sup> *Id.* P 13.

<sup>10</sup> Avista filed its Revised Attachment K in Docket No. ER13-94-000 and Puget Sound filed its Revised Attachment K in Docket No. ER13-99-000 under section 206 of the FPA. Avista Corporation, FERC Electric Tariff Volume No. 8, OATT, Attachment K (1.0.0), Part IV (ColumbiaGrid Transmission Planning Process) (Avista, OATT, Attachment K); Puget Sound Energy, Inc., OATT, Attachment K, Part III (ColumbiaGrid Transmission Planning Process) (1.0.0) (Puget Sound, OATT, Attachment K). Citations to a Filing Party's existing OATT, instead of its proposed OATT submitted as part of its compliance filing, will provide the full cite, including the current version numbers.

<sup>11</sup> Avista filed the Restated PEFA in Docket No. ER13-93-000 and Puget Sound filed the Restated PEFA in Docket No. ER13-98-000 under section 205 of the FPA. Avista Corporation, Rate Schedule No. CG1, Planning and Expansion Functional Agreement, Third Amendment and Restatement (1.0.0) (Avista, Restated PEFA); Puget Sound Energy, Inc., Rate Schedule No. CG1, Planning and Expansion Functional Agreement, Third Amendment and Restatement (1.0.0) (Puget Sound, Restated PEFA).

(continued ...)

Restated PEFA describe, among other things, the information to be submitted by a prospective transmission developer in support of the transmission project it proposes in the regional transmission planning process and the Order No. 1000 cost allocation method to be used in the ColumbiaGrid region.<sup>12</sup>

8. On January 30, 2013, MATL submitted pursuant to section 206 of the FPA a revised Attachment K under its OATT, together with a certificate of concurrence for the Restated PEFA.<sup>13</sup> Rather than filing a duplicative description of its Attachment K and the ColumbiaGrid regional transmission planning process under the Restated PEFA, MATL includes information from Avista's Attachment K and Restated PEFA filings as an attachment to its filing to provide additional background information on the ColumbiaGrid transmission planning process.<sup>14</sup>

9. Avista, Puget Sound, and MATL state that their regional transmission planning processes rely, in substantial part, on their participation in the ColumbiaGrid transmission planning process, which is governed by the provisions of the Restated PEFA.<sup>15</sup>

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Avista and Puget Sound state that they intend to terminate the previously approved Planning and Expansion Functional Agreement on file with the Commission when the Restated PEFA becomes effective. *See ColumbiaGrid*, Docket No. ER10-585-000 (Mar. 3, 2010) (delegated letter order).

<sup>12</sup> Avista, Transmittal Letter, Docket No. ER13-94-000, at 3 n.6 (filed Oct. 11, 2012) (Avista Transmittal Letter Tariff).

<sup>13</sup> MATL filed its revised Attachment K in Docket No. ER13-836-000. MATL LLP, FERC Electric Tariff Volume No. 0, OATT, Attachment K, Part III (1.0.0) (ColumbiaGrid Transmission Planning Process) (MATL, OATT, Attachment K)

<sup>14</sup> MATL, Transmittal Letter, Docket No. ER13-836-000, at 3 (filed Jan. 31, 2013).

<sup>15</sup> The Restated PEFA is a functional agreement by which the Planning Parties support and facilitate multi-system, transmission planning through a coordinated, open and transparent process that is intended to facilitate transmission expansion based on such planning. Appendix A of the Restated PEFA includes the ColumbiaGrid transmission planning process. This appendix is also reflected in each of Filing Parties' Attachment Ks as follows: Avista, OATT, Attachment K, Part IV; Puget Sound, OATT, Attachment K, Part III; MATL, OATT, Attachment K, Part III, and Bonneville Power, OATT, Attachment K, Part IV. In this order, we will generally use Avista's OATT, Attachment K, Part IV for specific references to the ColumbiaGrid transmission planning process, rather than referencing the same provision in each respective Attachment K.



Therefore, they request that the Commission consider their respective revised OATTs in conjunction with the Restated PEFA and accept their revised Attachment Ks in compliance with Order No. 1000, effective on October 11, 2012, subject to certain conditions.

10. With respect to the Restated PEFA, Avista, Puget Sound, and MATL request that the Commission also consider the agreement in conjunction with their revised Attachment Ks and, if the conditions set forth in the Restated PEFA are satisfied, accept the rate schedule for filing with an effective date of October 11, 2012.

**B. Bonneville Power's Petition for Declaratory Order**

11. In Order No. 888, the Commission established a safe harbor procedure for the filing of reciprocity tariffs by non-public utilities.<sup>16</sup> Under this procedure, non-public utilities may voluntarily submit to the Commission a transmission tariff and petition for declaratory order requesting a finding that the tariff meets the Commission's comparability (non-discrimination) standards. If the Commission finds that the terms and conditions of such a tariff substantially conform or are superior to those in the *pro forma* OATT, the Commission will deem it to be an acceptable reciprocity tariff, and will require public utilities to provide open access transmission service upon request to that particular non-public utility.

12. In response to Order No. 890, Bonneville Power<sup>17</sup> submitted a petition for declaratory order seeking a finding from the Commission that its transmission planning process under Attachment K of its OATT satisfied the Commission's nine planning principles, and therefore met the safe harbor reciprocity requirements for transmission planning. In 2010, the Commission concluded that Bonneville Power's transmission planning process under Attachment K of its OATT substantially conformed to the

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<sup>16</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036, at 31,760 (1996), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048, at 30,281-87, *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

<sup>17</sup> Bonneville Power is a federal power marketing administration within the United States Department of Energy and is not a public utility subject to sections 205 and 206 of the FPA.

transmission planning requirements of Order No. 890 and was acceptable as its reciprocity tariff.<sup>18</sup>

13. On October 11, 2012, Bonneville Power submitted a Petition seeking a finding from the Commission that its revised Attachment K – Transmission Planning Process substantially conforms or is superior to the *pro forma* OATT as it has been modified by Order Nos. 1000 and 1000-A and, therefore, meets the safe harbor reciprocity requirements for transmission planning.<sup>19</sup> Bonneville Power also seeks exemption of the Commission’s filing fee in its petition for declaratory order. Bonneville Power also submitted, as an attachment to its Petition, a copy of Avista’s transmittal letter and Restated PEFA and requests that the Commission consider information provided in the transmittal letter in the Commission’s review of Bonneville Power’s revised Attachment K.<sup>20</sup>

14. Bonneville Power also submitted revisions to its local transmission planning process that are not related to Order No. 1000, and seeks a finding from the Commission that the revisions substantially conform or are superior to the *pro forma* OATT, as modified by Order No. 890. Specifically, Bonneville Power proposes to modify its local transmission planning process to move from a biennial planning cycle to an annual planning cycle, and has made corresponding revisions throughout its Attachment K. Bonneville Power also states that it has revised its Attachment K to further describe its transmission planning process.<sup>21</sup>

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<sup>18</sup> See *U.S. Dep’t of Energy – Bonneville Power Admin.*, 128 FERC ¶ 61,065 (2009) (Order No. 890 Compliance Order II); *order on reh’g*, 132 FERC ¶ 61,142 (2010). See also *U. S. Dep’t of Energy – Bonneville Power Admin.*, 130 FERC ¶ 61,260 (2010) (*BPA*). Although the Commission previously found revisions to Bonneville Power’s Attachment K transmission planning process were acceptable for its reciprocity tariff, Bonneville Power does not currently have a safe harbor tariff. In this order, we only address whether Bonneville Power’s revised transmission planning process meets the safe harbor reciprocity requirements for transmission planning.

<sup>19</sup> Bonneville Power Administration, Tariffs, OATT, Attachment K (1.0.0), Part IV (ColumbiaGrid Transmission Planning Process) (Bonneville Power, Tariffs, OATT, Attachment K).

<sup>20</sup> Bonneville Power, Transmittal Letter, Docket No. NJ13-1-000, at 21 (filed Oct. 11, 2012) (Bonneville Power Transmittal Letter).

<sup>21</sup> Bonneville Power submitted a matrix to reflect those non-Order No. 1000 changes in its revised Attachment K. See *id.* at App. A.

## **II. Notice of Filing and Responsive Pleadings**

15. Notice of Filing Parties' filings in Docket Nos. ER13-93-000, ER13-94-000, ER13-99-000 and NJ13-1-000 was published in the *Federal Register*, 77 Fed. Reg. 64,502-503 (2012), with interventions and protests due on or before November 9, 2012. Notice of Puget Sound's filing in Docket No. ER13-98-000 was published in the *Federal Register*, 77 Fed. Reg. 64,500 (2012), with interventions and protests due on or before November 1, 2012. The period for interventions and protests regarding these filings was subsequently extended to November 26, 2012.<sup>22</sup>

16. Notice of MATL's filing in Docket No. ER13-836-000 was published in the *Federal Register*, 78 Fed. Reg. 9903 (2013), with interventions and protests due on or before February 21, 2013.

17. Appendix A contains the list of abbreviated names of parties and commenters, and Appendix B contains a list of intervenors, commenters, protesters, and entities filing answers in these proceedings by docket number.

## **III. Discussion**

### **A. Procedural Matters**

18. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

19. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2012), the Commission will grant NW Energy Coalition's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay. For good cause shown, we also grant the motion of the American Wind Energy Association and the Renewable Northwest Project (together, AWEA) to file comments out-of-time.

20. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the answers filed in this proceeding because they have provided information that assisted us in our decision-making process.

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<sup>22</sup> On November 1, 2012, the Commission issued a Notice of Extension of Time in these proceedings for filing comments, protests, and interventions up to and including November 26, 2012.

**B. Substantive Matters**

21. In compliance with Order No. 1000, Filing Parties submit revisions to their respective Attachment Ks. Filing Parties state that their respective Attachment Ks rely, in substantial part, on their participation in the ColumbiaGrid transmission planning process and the provisions of the ColumbiaGrid Restated PEFA, contemporaneously filed.

22. We find that Filing Parties' revised Attachment K compliance filings partially comply with the regional transmission planning and cost allocation requirements adopted in Order No. 1000. Accordingly, we accept Avista, Puget Sound, and MATL's compliance filings revising their respective Attachment Ks, subject to further compliance filings and explanations as discussed below.<sup>23</sup> We also conditionally accept the Restated PEFA, subject to further modification, as discussed below. We direct Avista, Puget Sound, and MATL to file compliance filings within 120 days of the date of issuance of this order.<sup>24</sup>

23. Likewise, the Commission finds certain modifications to Bonneville Power's Attachment K substantially conform or are superior to the *pro forma* OATT, as modified by Order No. 1000.<sup>25</sup> Therefore, we grant in part Bonneville Power's petition, subject to further modifications. With regard to those aspects of its transmission planning process that do not substantially conform, the Commission provides direction to Bonneville Power for further modifications to its transmission planning process that Bonneville Power may implement if it chooses to have its Attachment K substantially conform or be superior to the *pro forma* OATT. The Commission also concludes that those additional

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<sup>23</sup> Because the ColumbiaGrid transmission planning process is set forth in the Filing Parties' respective Attachment Ks and parallel provisions are set forth in Appendix A to the Restated PEFA, we note that any modifications directed by the Commission herein to the Filing Parties' respective Attachment Ks addressing the ColumbiaGrid transmission planning process must also be incorporated into the Restated PEFA, to the extent that the provisions remain parallel. We acknowledge that the directives in this order may require further changes to Attachment Ks and other relevant documents.

<sup>24</sup> As discussed below, Avista, Puget Sound, and MATL are required to establish an appropriate effective date in their further compliance filings.

<sup>25</sup> We also note that in the context of our findings below with respect to Avista, Puget Sound, and MATL, we find that the parallel provisions contained in Bonneville's Attachment K do not substantially conform to the *pro forma* OATT, as modified by Order No. 1000.

revisions to Bonneville Power's local transmission planning process unrelated to Order No. 1000 (e.g., revisions to incorporate a twelve-month local transmission planning cycle) that have not been protested and are not discussed herein<sup>26</sup> substantially conform or are superior to the *pro forma* OATT, as modified by Order No. 1000. We grant Bonneville Power's request for waiver of the filing fees because it is a non-public utility and federal agency and, therefore, is exempt from the Commission's filing fees.

### **1. Regional Transmission Planning Requirements**

24. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that complies with the identified transmission planning principles of Order No. 890 and that, in consultation with stakeholders, results in the development of a regional transmission plan.<sup>27</sup> The regional transmission plan will identify transmission facilities that meet the region's reliability, economic, and Public Policy Requirements-related<sup>28</sup> needs more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning processes.<sup>29</sup> A primary objective of the reforms in Order No. 1000 is to ensure that transmission planning processes at the regional level consider and evaluate, on a non-discriminatory basis, possible transmission alternatives and produce a transmission plan that can meet a transmission planning region's needs more efficiently and cost-effectively.<sup>30</sup>

#### **a. Transmission Planning Region**

25. Order No. 1000 specifies that a transmission planning region is one in which public utility transmission providers, in consultation with stakeholders and affected states, have agreed to participate for purposes of regional transmission planning and development of a single regional transmission plan.<sup>31</sup> The scope of a transmission planning region should be governed by the integrated nature of the regional power grid

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<sup>26</sup> See Bonneville Power Transmittal Letter at App. A.

<sup>27</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 6, 11, 146.

<sup>28</sup> Public Policy Requirements are defined and described below.

<sup>29</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 11, 148.

<sup>30</sup> *Id.* PP 4, 6.

<sup>31</sup> *Id.* P 160.

and the particular reliability and resource issues affecting individual regions.<sup>32</sup> However, an individual public utility transmission provider cannot, by itself, satisfy the regional transmission planning requirements of Order No. 1000.<sup>33</sup>

26. In addition, Order No. 1000 requires that public utility transmission providers explain in their compliance filings how they will determine which transmission facilities evaluated in their local and regional transmission planning processes will be subject to the requirements of Order No. 1000.<sup>34</sup> Order No. 1000's requirements are intended to apply to new transmission facilities, which are those transmission facilities that are subject to evaluation, or reevaluation as the case may be, within a public utility transmission provider's local or regional transmission planning process after the effective date of the public utility transmission provider's compliance filing.<sup>35</sup> Each region must determine at what point a previously approved project is no longer subject to reevaluation and, as a result, whether it is subject to these requirements.<sup>36</sup>

27. Order No. 1000-A states that public utility transmission providers in each transmission planning region must have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region.<sup>37</sup> Each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) must include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.<sup>38</sup> A non-public utility transmission provider will not be considered to have made the choice to join a

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<sup>32</sup> *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 527).

<sup>33</sup> *Id.* P 160.

<sup>34</sup> *Id.* PP 65, 162.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.*

<sup>37</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 275.

<sup>38</sup> *Id.*

transmission planning region and thus be eligible to be allocated costs under the regional cost allocation method until it has enrolled in the transmission planning region.<sup>39</sup>

**i. Filing Parties' Compliance Filings**

28. Filing Parties state that ColumbiaGrid is an existing non-profit corporation that promotes coordinated and reliable planning, expansion, and operation of the interconnected transmission systems in the Pacific Northwest. Filing Parties indicate that they intend to continue conducting transmission planning under the ColumbiaGrid transmission planning process together with non-public utilities and other stakeholders, under the terms and conditions of the Restated PEFA and their respective Attachment Ks.<sup>40</sup> Filing Parties state that ColumbiaGrid's regional transmission plans have been developed through an open, public planning process that identifies transmission needs and develops solutions to such needs using a collaborative study team process. They state that the goal of ColumbiaGrid and the existing Planning Parties<sup>41</sup> in developing the revisions to comply with Order No. 1000 was to preserve the fundamental elements of the existing ColumbiaGrid transmission planning processes, while incorporating the requirements of Order No. 1000.<sup>42</sup>

29. Filing Parties explain that any entity that owns or operates or proposes to own or operate transmission facilities in the Pacific Northwest may sign the Restated PEFA and

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<sup>39</sup> *Id.* PP 276-277.

<sup>40</sup> Filing Parties explain that, for a number of years prior to the issuance of Order No. 1000, Planning Parties have conducted regional transmission planning under ColumbiaGrid's process pursuant to the existing PEFA, which has culminated in the development of regional transmission plans on a biennial basis. Filing Parties state that to date, ColumbiaGrid has produced four biennial regional plans and updates. *E.g.*, Avista, Transmittal Letter, Docket No. ER13-93-000, at 5 (filed Oct. 11, 2012) (Avista Transmittal Letter Restated PEFA).

<sup>41</sup> Filing Parties note that the current Planning Parties who participate in ColumbiaGrid include the following non-public utility transmission providers: Bonneville Power, Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 1 of Douglas County, Washington; Public Utility District No. 2 of Grant County, Washington; Public Utility District No. 1 of Snohomish County, Washington; Seattle City Light Department, and City of Tacoma, Department of Public Utilities, Light Division.

<sup>42</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 6.

thereby become a Planning Party in ColumbiaGrid's regional transmission planning process.<sup>43</sup> They explain that Planning Parties are entities that, as signatories to the agreement, agree to participate in the process and agree that the transmission facilities in the Pacific Northwest that they own or operate, or propose to own or operate, are included in the Order No. 1000 ColumbiaGrid planning region. Filing Parties state that ColumbiaGrid will maintain a list of Planning Parties to the Restated PEFA on its website.<sup>44</sup>

30. Because their respective Attachment Ks rely in substantial part on their participation in the ColumbiaGrid transmission planning process and the provisions of the Restated PEFA to achieve compliance with Order No. 1000, Filing Parties request that the Commission accept the proposed revisions to their respective Attachment Ks effective on October 11, 2012, *if* the Restated PEFA becomes effective on that date.

31. Filing Parties request an effective date of October 11, 2012, for the Restated PEFA, subject to certain conditions set forth in section 17.1 of the agreement. Specifically, section 17.1 indicates that the effective date for the Restated PEFA is conditioned upon the Commission accepting the Restated PEFA: (1) unconditionally; or (2) with no change or condition that is inconsistent with the Restated PEFA that is not accepted in writing by each party to the existing PEFA. Section 17.1 further states that, until the Restated PEFA becomes effective pursuant to the stipulated conditions, the existing PEFA will remain in effect. Filing Parties state that the conditional effective date ensures that the respective Attachment K revisions do not become effective until such time as the Restated PEFA, upon which the Attachment K revisions rely, also becomes effective.<sup>45</sup>

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<sup>43</sup> Each Planning Party is required to cooperate and support ColumbiaGrid in the implementation of its responsibilities under the agreement, including providing data relating to its electric system or proposed electric system, providing planning criteria and performing technical studies regarding its transmission system as it relates to the regional interconnected system. Each Planning Party is a signatory to the Restated PEFA and the term includes each signatory other than ColumbiaGrid. Avista, Restated PEFA, §§ 1.46, 1.56.

<sup>44</sup> Avista Transmittal Letter Restated PEFA at 8 (citing ColumbiaGrid's website *available at*: <http://www.columbiagrid.org/>).

<sup>45</sup> *See, e.g.*, Avista Transmittal Letter Tariff at 6; Avista Transmittal Letter Restated PEFA at 25-26 (citing Avista, Restated PEFA, § 17.1).



32. In support of this provision, Filing Parties state that it is imperative that non-public utility transmission providers such as Bonneville Power participate in the ColumbiaGrid transmission planning process in order to have effective planning in the region. Filing Parties explain that the non-public utilities would not have amended the agreement but for the need of public utility participants to comply with Order No. 1000; therefore, the conditional effective date is necessary to ensure the pre-Order 1000 PEFA will remain in effect in the event that the Restated PEFA and the respective revised Attachment Ks are not accepted for filing by the Commission. Filing Parties note that in such instance it will be necessary to negotiate further revisions to the Restated PEFA and attempt to reach agreement among the Filing Parties and non-public utility Planning Parties.

**ii. Protests/Comments**

33. LS Power argues that Order No. 1000 compliance obligations cannot be dependent on the Commission's unconditional acceptance of ColumbiaGrid's proposal.<sup>46</sup> LS Power states that because the Restated PEFA is the mechanism by which public utility transmission providers plan to meet their Order No. 1000 compliance obligations, then the Restated PEFA should become effective and binding on all jurisdictional parties upon Commission acceptance of the agreement, irrespective of any revisions the Commission may order.<sup>47</sup>

**iii. Answer**

34. Filing Parties state that the conditional effective date specified in section 17.1 of the Restated PEFA is appropriate, explaining that the Order No. 1000 regional planning process compliance of the jurisdictional public utilities is dependent upon the voluntary agreement of non-public utility ColumbiaGrid Planning Parties. Filing Parties state that in order to have effective regional planning, it is important to include Bonneville Power and the other non-public utility transmission providers which make up the majority of the Planning Parties. Filing Parties state that many of the non-public utility Planning Parties would not have amended the pre-Order No. 1000 PEFA but for the need of jurisdictional

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<sup>46</sup> LS Power, Protest, Docket Nos. ER13-98-000, ER13-99-000, ER13-93-000, ER13-94-000, and NJ13-1-000, at 16 (filed Nov. 26, 2012) (LS Power Protest).

<sup>47</sup> *Id.*

Planning Parties to comply with Order No. 1000; thus, they assert that the proposed conditional effective date for the Restated PEFA is appropriate to address their needs.<sup>48</sup>

#### iv. Commission Determination

35. As discussed below, we find that the scope of the transmission planning region, the description of facilities that will be subject to the requirements of Order No. 1000, and the enrollment process specified in Filing Parties' filings do not comply with the requirements of Order No. 1000. Accordingly, we direct Avista, Puget Sound, and MATL to submit further compliance filings within 120 days of the date of issuance of this order, as discussed below. In addition, we reject the conditional effective date set forth in section 17.1 of the Restated PEFA, and direct Avista, Puget Sound, and MATL, on compliance, to establish an appropriate effective date for the Restated PEFA and their respective Attachment K revisions as discussed below. Likewise, Bonneville Power should also submit a further compliance filing to address these issues.

36. The participation of Avista, Puget Sound, and Bonneville Power in the ColumbiaGrid regional transmission planning process reflects the integrated nature of the grid and resource issues that affect the particular region and we note that these parties relied on participation in ColumbiaGrid to comply with Order No. 890.<sup>49</sup> We also note that Filing Parties, together with non-public utilities in the region, conduct regional transmission planning under the existing PEFA. However, in its compliance filing, MATL proposes to participate in the ColumbiaGrid regional transmission planning process, without providing any explanation as to how such participation meets Order No. 1000's requirement that the transmission planning region be governed by the integrated nature of the grid and the particular reliability and resources issues that affect the region.<sup>50</sup> We therefore direct MATL to submit a further compliance filing explaining

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<sup>48</sup> Bonneville Power, Avista, and Puget Sound, Answer, Docket Nos. ER13-93-000, ER13-94-000, ER13-98-000, ER13-99-000, and NJ13-1-000, at 26 (filed Dec. 17, 2012) (Filing Parties Answer).

<sup>49</sup> In response to Order No. 890, Avista and Puget Sound submitted revisions to their respective Attachment Ks, and, likewise, Bonneville Power submitted revisions to its Attachment K (in a petition for declaratory order) reflecting among other things, their participation in the ColumbiaGrid transmission planning process. *See U.S. Dep't of Energy - Bonneville Power Admin.*, 124 FERC ¶ 61,054 (2008) (Order No. 890 Compliance Order I).

<sup>50</sup> MATL's transmission project, which is in the final phase of construction, interconnects NorthWestern Corporation's transmission system in Montana with the Alberta Interconnected Electrical System in Alberta, Canada. In compliance with the

(continued . . .)

how its participation in the ColumbiaGrid regional transmission planning process satisfies that requirement.

37. Thus, we find that subject to additional information provided by MATL, the ColumbiaGrid footprint could be of sufficient scope to satisfy the requirements set forth in Order No. 1000, based upon the enrollment of the Filing Parties in the ColumbiaGrid regional transmission planning process, as modified by Order No. 1000. However, we find that the Filing Parties' compliance filings do not indicate such enrollment. Rather, Filing Parties make clear that their continued participation in the ColumbiaGrid regional transmission planning process, as modified by Order No. 1000, is conditioned upon acceptance of the Restated PEFA and revised Attachment Ks without modification, or in the event that the Commission directs further modifications, upon such modifications being accepted in writing by all existing Planning Parties. This conditional effective date makes clear that Filing Parties have not enrolled in the regional transmission planning process and such enrollment is contingent upon the Commission's findings in this order. As a result, we find that Avista, Puget Sound, and MATL have failed to satisfy the Order No. 1000 requirement that public utility transmission providers enroll and participate in a regional transmission planning process.<sup>51</sup> While the Commission clarified in Order No. 1000-A that Order No. 1000 does not require any non-public utility transmission provider to enroll or otherwise participate in a regional transmission planning process, public utility transmission providers are required to do so. Therefore, we reject the conditional effective date reflected in the Restated PEFA, and direct Avista, Puget Sound, and MATL to enroll in a regional transmission planning process and revise the Restated

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regional participation requirement of Order No. 890, MATL proposed to, upon request, provide system data and planning activity information to ColumbiaGrid, Northwest Power Pool, and the Northern Tier Transmission Group and proposed to continue to participate in stakeholder activities with its interconnected balancing authorities, i.e., NorthWestern Corporation and the Alberta Electric System Operator. The Commission concluded that its proposal complied with the Order No. 890 regional participation principle, finding that MATL is a merchant transmission provider that merely interconnects two markets and has no obligation to expand in response to customer requests that are not economically feasible. However, the Commission also noted that as an intertie between NorthWestern Corporation and the Alberta Electric System Operator, MATL should coordinate any future expansion of its system with interconnected systems. *See MATL LLP*, 126 FERC ¶ 61,192, at PP 44-45 (2009).

<sup>51</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at PP 275-276. This requirement to enroll applies to public utility transmission providers only.

PEFA and their respective Attachment Ks to establish an appropriate effective date in their respective compliance filings.

38. In addition, Order No. 1000-A requires public utility transmission providers in each transmission planning region to have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region and requires that each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.<sup>52</sup> We find that Avista, Puget Sound, and MATL have not reflected an enrollment process in their respective Attachment Ks that defines how entities, including non-public utility transmission providers, make the choice to become part of the ColumbiaGrid transmission planning region, nor have they included a list of those who have made the choice to enroll. We therefore direct Avista, Puget Sound, and MATL to revise their respective Attachment Ks accordingly to reflect a clear enrollment process and to include a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in the ColumbiaGrid transmission planning process.

39. With respect to Bonneville Power, we conclude that as a non-public utility it remains Bonneville Power's decision to enroll as a transmission provider in the ColumbiaGrid transmission planning process. We agree that Bonneville Power's participation in regional planning in the Pacific Northwest is important. However, we also recognize that Order No. 1000 did not require Bonneville Power, or any other non-public utility transmission provider, to enroll or otherwise participate in a regional transmission planning process.<sup>53</sup> Bonneville Power submitted revisions to its Attachment K for Commission consideration, and explains that certain specific tariff provisions are proposed to address a potential conflict between the Order No. 1000 requirements with respect to cost allocation and Bonneville Power's statutory responsibilities. We address those specific provisions and comments submitted in response to those provisions in the cost allocation section below.

40. We otherwise review Bonneville Power's proposed revisions to its Attachment K transmission planning process under the reciprocity standard to determine whether such revisions substantially conform or are superior to the *pro forma* OATT, as modified by Order No. 1000, and will provide direction with respect to those provisions that do not

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<sup>52</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 275.

<sup>53</sup> *Id.* P 279.

substantially conform. With regard to the issues discussed above, we also find that Bonneville Power has not enrolled in the ColumbiaGrid transmission planning process, has not reflected an enrollment process in its Attachment K, and has not included a list of those who have made the choice to enroll. As such, its Attachment K does not substantially conform to the *pro forma* OATT, as modified by Order No. 1000. Therefore, Bonneville Power should also revise its Attachment K to reflect a clear enrollment process and to include in its tariff a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in the ColumbiaGrid transmission planning process.

**b. Order No. 890 and other Regional Transmission Planning Process General Requirements**

41. Order No. 1000 requires that each public utility transmission provider participate in a regional transmission planning process that produces a regional transmission plan and that complies with certain transmission planning principles of Order No. 890 identified in Order No. 1000.<sup>54</sup> The process used to produce the regional transmission plan must satisfy the following Order No. 890 transmission planning principles: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; and (7) economic planning.<sup>55</sup> These transmission planning principles, which were adopted with respect to local transmission planning processes pursuant to Order No. 890, must now be applied to the regional transmission planning processes established in Order No. 1000. We will assess Filing Parties' compliance with each of these principles individually.

**i. Overview – Filing Parties' Filings**

42. Filing Parties state that the Commission previously found that the ColumbiaGrid regional transmission planning process satisfied the requirements of Order No. 890.<sup>56</sup>

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<sup>54</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 146, 151.

<sup>55</sup> *Id.* P 151. These transmission planning principles are explained more fully in Order No. 890.

<sup>56</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 8 (citing Order No. 890 Compliance Order I, 124 FERC ¶ 61,054; Order No. 890 Compliance Order II, 128 FERC ¶ 61,065, *order on reh'g*, 132 FERC ¶ 61,142; *Puget Sound Energy, Inc.*, Docket No. OA08-26-003 (Feb. 25, 2010) (delegated letter order); *Avista Corp.*, Docket No. OA08-25-003 (Mar. 3, 2010) (delegated letter order); *BPA*, 130 FERC ¶ 61,260; *Avista Corp.*, Docket No. OA08-25-004 (Sep. 10, 2010) (delegated letter order)).

Therefore, Filing Parties do not otherwise address the relevant Order No. 890 transmission planning principles as they apply to the ColumbiaGrid regional transmission planning process. We note, however, that the Order No. 890 compliance orders that Filing Parties cite addressed primarily the Avista, Puget Sound, and Bonneville Power *local* transmission planning processes. Therefore, we will assess compliance with each of the relevant transmission planning principles individually as they relate to the ColumbiaGrid regional transmission planning process, which Filing Parties rely on to comply with Order No. 1000.

**ii. Coordination**

43. The coordination principle requires public utility transmission providers to provide customers and other stakeholders with the opportunity to participate fully in the planning process. The purpose of this requirement is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between public utility transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders. The planning process must provide for the timely and meaningful input and participation of customers and other stakeholders regarding the development of transmission plans, allowing customers and other stakeholders to participate in the early stages of development.<sup>57</sup>

**(a) Filing Parties' Compliance Filings**

44. Filing Parties state that ColumbiaGrid's regional transmission plans are developed through open public planning processes that identify transmission needs and solutions to such transmission needs that affect more than one entity's transmission system.<sup>58</sup> ColumbiaGrid, in coordination with Planning Parties and interested persons,<sup>59</sup> conducts a system assessment to identify needs for which potential solutions should be identified, evaluated and tasked to study teams.<sup>60</sup> Any interested person can participate in the

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<sup>57</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 451-454.

<sup>58</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 5. The ColumbiaGrid regional transmission planning process is described in more detail below in section IV.B.1.c.

<sup>59</sup> An interested person is any person (including, but not limited to, any relevant state or provincial agency, tribe, nonincumbent transmission developer or merchant transmission developer) who has expressed interest in the business of ColumbiaGrid and has requested notice of its public meetings. *See, e.g.*, Avista, OATT, Attachment K, Appendix.

<sup>60</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.

system assessment and provide comments in ColumbiaGrid's needs identification process, which occurs prior to the formation of study teams.<sup>61</sup> ColumbiaGrid, along with the Planning Parties and interested persons, will consider and select potential needs for inclusion in the system assessment and ColumbiaGrid will document the basis upon which a potential need was not selected for inclusion in the system assessment.<sup>62</sup> Additionally, ColumbiaGrid shall post drafts of summaries of the progress of the study teams, including the development of plans of service.<sup>63</sup>

45. Solutions to identified needs and the development of all required elements of a plan of service as may be required are addressed in the study team process.<sup>64</sup> Within the study team formation process, ColumbiaGrid, any interested persons, or relevant state and provincial agencies may actively participate in a study team, with the exception that participation in a requested service project, e.g., where a study team is formed to address requests for interconnection service affecting the regional interconnected system, may be limited due to tariffs or applicable law.<sup>65</sup> Under the ColumbiaGrid regional transmission planning process, ColumbiaGrid staff shall hold a public meeting, with general notice to Planning Parties, relevant state and provincial agencies and other interested persons for the purpose of reviewing identified needs and soliciting participation in study teams.<sup>66</sup>

(b) **Protests/Comments**

46. Washington Utilities and Transportation Commission (Washington Commission) states that the ColumbiaGrid regional transmission planning process provides a

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<sup>61</sup> *See, e.g., id.* at Part IV, §§ 3, 3.1, 3.5, 3.6.

<sup>62</sup> *E.g., id.* at Part IV, § 3.1.

<sup>63</sup> As they become available, ColumbiaGrid will also post drafts of the system assessment results and draft needs statements on its website, subject to any appropriate conditions to protect confidential information and Critical Energy Infrastructure Information (CEII). *Id.* at Part IV, §§ 3.4, 3.7; Bonneville Power, Tariffs, OATT, Attachment K, Part IV, § 4.1.7.

<sup>64</sup> *E.g., Avista, OATT, Attachment K, Part IV, § 4.1.*

<sup>65</sup> *E.g., Avista Transmittal Letter Restated PEFA at 5; Avista, OATT, Attachment K, Part IV, § 4.3; Avista, Restated PEFA, App. A, § 4.3.*

<sup>66</sup> *E.g., Avista, OATT, Attachment K, Part IV, § 4.4.*

meaningful and appropriate role for it to participate in transmission planning in the Pacific Northwest.<sup>67</sup>

47. E.ON states that, under the ColumbiaGrid transmission planning process, it is unclear whether stakeholders will have adequate time to comment on draft plans of service, cost estimates, and economic analyses supporting proposed transmission solutions prior to planning meetings.<sup>68</sup> E.ON states that the respective Attachment Ks should state how far in advance such plans will be posted prior to any planning meeting and how much time will be provided to submit comments. E.ON suggests a minimum of sixty days to ensure that meaningful and substantive comments are provided.

(c) Answer

48. Filing Parties state that any suggestion that stakeholders will not be provided sufficient opportunity to submit comments and otherwise provide input to the ColumbiaGrid transmission planning process are misplaced. Filing Parties state that ColumbiaGrid provides notice of planning activities to all interested persons and posts such notice on its website. Filing Parties assert that the ColumbiaGrid regional transmission planning process is open and inclusive with a myriad of opportunities for ongoing participation and input in multiple feedback loops. Filing Parties state that ColumbiaGrid holds regular noticed meetings of the planning group, allowing any interested party to participate in the system assessment, which identifies the regional transmission needs that will be addressed by the ColumbiaGrid regional transmission plan. Filing Parties state that, once a year, ColumbiaGrid, in coordination with the planning group, performs the system assessment. Filing Parties also explain that there is an initial meeting of the planning group to identify the inputs for the system assessment, which is anticipated to be a robust discussion.<sup>69</sup>

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<sup>67</sup> Washington Commission, Comments, Docket Nos. ER13-93-000, ER13-94-000, ER13-98-000, and ER13-99-000, at 2 (filed Nov. 21, 2012) (Washington Commission Comments).

<sup>68</sup> E.ON, Comments, Docket No. ER13-93-000, at 5 (filed Nov. 26, 2012) (E.ON Comments to Avista PEFA Filing); E.ON, Comments, Docket No. ER13-94-000, at 5 (filed Nov. 26, 2012) (E.ON Comments to Avista Attachment K Filing); E.ON, Comments, Docket No. ER13-98-000, at 5 (filed Nov. 26, 2012) (E.ON Comments to Puget Sound PEFA Filing); E.ON, Comments, Docket No. ER13-99-000, at 5 (filed Nov. 26, 2012) (E.ON Comments to Puget Sound Attachment K Filing).

<sup>69</sup> Filing Parties Answer at 13.



**(d) Commission Determination**

49. We find that Filing Parties' filings comply, subject to the clarifications discussed below, with the coordination principle because they provide any interested person an opportunity to participate and provide input in the ColumbiaGrid regional transmission planning process. We note that although the transmission planning process, as identified in Filing Parties' tariff and the Restated PEFA, is described sequentially, Filing Parties anticipate that most of the planning activities will be performed on a flexible, iterative, and non-sequential basis.<sup>70</sup> Any interested person may fully participate in the development of plans of service as a member of a study team, with the exception of requested service projects, as discussed below. In addition, ColumbiaGrid will post drafts of summaries of the progress of study teams, including developing plans of service.<sup>71</sup>

50. ColumbiaGrid will solicit participation for study teams through a public meeting after issuing general notice to Planning Parties, relevant state and provincial agencies, and other interested persons.<sup>72</sup> As mentioned above, ColumbiaGrid's regional planning process is anticipated to be non-sequential and iterative; therefore, study teams will be formed, as needed, to address identified needs. ColumbiaGrid will convene public meetings on an iterative and non-sequential basis to solicit participation for study teams as needs are identified or as study teams are requested.<sup>73</sup> We find that these provisions ensure notification and encourage the opportunity for interested persons to have active

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<sup>70</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 1.

<sup>71</sup> Also, ColumbiaGrid is required to post drafts of the system assessment results as they become available, *i.e.*, on a continuous basis, during the system assessment process on its website, subject to any appropriate conditions to protect confidential information and CEII. *E.g.*, Avista, Restated PEFA, App. A, § 3.1.4.

<sup>72</sup> *See, e.g.*, Avista, OATT, Attachment K, Part IV, § 4.1; *see also, e.g.*, Avista, Restated PEFA, App. A, § 4.4.

<sup>73</sup> The purpose of the public meeting ColumbiaGrid in the study team formation process is to: (1) review needs statements and solicit participation in a study team to address each need statement; (2) inform Planning Parties and interested persons of study teams that have been requested for purposes other than addressing needs; (3) consider convening study teams that address more than one need statement; and (4) monitor the progress of each study team and, as appropriate, bring study teams together in order to resolve differences, gain efficiencies or effectiveness or develop solutions that meet more than one need statement. *See* Avista, OATT, Attachment K, Part IV, § 4.4.

and early participation in the system assessment, the identification of needs, development of needs statements and in study teams where solutions to such needs are developed.

51. One exception to the opportunity for an interested person to fully participate in the ColumbiaGrid regional transmission planning process is the tariff limitation on participation in a requested service project study team due to tariffs or applicable law.<sup>74</sup> This limitation requires further explanation in order to be consistent with the coordination principle. Therefore, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings, clarifying in their respective Attachment Ks potential limitations on participation in a requested service project study team due to tariffs or applicable law. Likewise, Bonneville Power should also submit further revisions to its Attachment K clarifying potential limitations on participation in a requested service project study team due to tariffs or applicable law consistent with the directive above.

52. We now address E.ON's concerns regarding how far in advance plans of service will be posted prior to planning meetings in the ColumbiaGrid planning process. E.ON suggests a minimum of sixty days to ensure that meaningful and substantive comments are provided. We find that plans of service for the ColumbiaGrid regional transmission planning process are developed within the study team. Any interested party's participation in a study team ensures that an interested party may provide timely input regarding the "plan of service," which is the study team's initial report that will be used as an input into the development of the final regional transmission plan. Further, in preparing the draft plan "[ColumbiaGrid] staff shall solicit and consider the comments of [i]nterested [p]ersons, [a]ffected [p]ersons, and [p]lanning [p]arties...[and] shall post a preliminary Draft Plan on the [w]ebsite and obtain stakeholder comment prior to finalizing the Draft Plan and may include a summary of the comments received...."<sup>75</sup> Regarding the Preliminary Order No. 1000 Cost Allocation Report, Filing Parties' Attachment Ks provide an opportunity for written comment for a period of thirty days following the issuance of the draft report.<sup>76</sup>

53. We note that Filing Parties' Order No. 890-compliant Attachment Ks require that the transmission provider post the draft local planning report in conjunction with the meeting notification.<sup>77</sup> Meeting notifications are to be posted on the transmission

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<sup>74</sup> *E.g., id.* at Part IV, § 4.3.

<sup>75</sup> *See, e.g., id.* at Part IV, § 11.1(B)(iii)(d).

<sup>76</sup> *E.g., id.* at Part IV, § 10.4.

<sup>77</sup> *E.g., id.* at Part III, § 3.3.

provider's Open Access Same-Time Information System (OASIS) website under the system planning page, no less than fifteen calendar days prior to any of the local transmission process meetings.<sup>78</sup>

54. Although the opportunity for interested persons to participate in the development of the initial report is available through study team participation, we encourage Avista, Puget Sound, and MATL to consider E.ON's suggestion and to revise the ColumbiaGrid regional transmission planning process to include language providing for a clear minimum number of days that plans of service will be posted prior to planning meetings in order to ensure meaningful and substantive participation and comments. We also encourage Bonneville Power to consider E.ON's suggestion and to revise its Attachment K to include language providing for a clear minimum number of days that plans of service will be posted prior to planning meetings.

### iii. Openness

55. The openness principle requires that transmission planning meetings be open to all affected parties including, but not limited to, all transmission and interconnection customers, state authorities, and other stakeholders. Although the Commission recognized in Order No. 890 that it may be appropriate in certain circumstances to limit participation in a meeting to a subset of parties, such as a particular meeting of a sub-regional group, the Commission emphasized that the overall development of the transmission plan and the planning process must remain open. Public utility transmission providers, in consultation with affected parties, must also develop mechanisms to manage confidentiality and CEII concerns, such as confidentiality agreements and password protected access to information.<sup>79</sup>

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<sup>78</sup> *E.g., id.* at Part III, § 3.1. Bonneville Power's procedures for local Planning Meetings and Related Postings are described at Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 5.2, and specify that the transmission provider will post information that it will make available at each meeting and identify the analytical tools used to conduct studies made available on the system planning page of its OASIS website prior to the meeting. In addition, it requires the transmission provider to receive comments within 5 business days after the meeting, unless a different comment period is specified.

<sup>79</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

(a) **Filing Parties' Compliance Filing**

56. Under the ColumbiaGrid transmission planning process, ColumbiaGrid “shall endeavor to implement the transmission planning processes under [the PEFA] in a coordinated, open, transparent, non-discriminatory, and participatory manner, subject to ColumbiaGrid’s obligation to protect confidential information and CEII pursuant to [the PEFA].”<sup>80</sup> Filing Parties indicate that ColumbiaGrid’s regional transmission plans are developed through an open, public transmission planning process using study teams. In addition, any planning party, affected person,<sup>81</sup> or relevant state and provincial agency or other interested person may participate in a study team.<sup>82</sup> Filing Parties state that ColumbiaGrid has demonstrated its ability to develop projects from a regional perspective with traditional public utilities, a merchant transmission developer, a federal power marketing administration, and other non-public utilities.<sup>83</sup> Further, Filing Parties pledge to maintain protocols to foster the collaborative involvement of states, provinces and tribes in their regional transmission planning process.<sup>84</sup> The Restated PEFA addresses protocols for confidentiality, which require parties seeking the designation of confidential information to act in good faith when asserting the confidentiality of material and requires parties to use reasonable efforts to maintain the confidentiality of information provided to them by another party.<sup>85</sup> In the event of a dispute regarding the designation of confidential information, the Restated PEFA specifies arbitration procedures to be followed for dispute resolution.<sup>86</sup> Filing Parties state that ColumbiaGrid

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<sup>80</sup> *E.g.*, Avista, Restated PEFA, § 4.2.

<sup>81</sup> Affected persons are those Planning Parties and persons that would bear material adverse impacts from such project or are otherwise materially affected by such project. *E.g.*, Avista, OATT, Attachment K, App. A.

<sup>82</sup> *See, e.g., id.* at Part IV, § 4.3; Avista, Restated PEFA, App. A, § 4.3. Filing Parties note that study teams are open to all participants, with the exception that participation in a requested service project study team may be limited due to tariffs or applicable law.

<sup>83</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 5.

<sup>84</sup> *See, e.g.*, Avista, OATT, Attachment K, Part IV, § 4.1; Avista, Restated PEFA, §§ 4.5, 4.5.1, 4.5.2.

<sup>85</sup> *E.g.*, Avista, Restated PEFA, § 16.1.

<sup>86</sup> *E.g., id.*

has also developed procedures for information designated as CEII. Specifically, ColumbiaGrid shall not post such information on the public portion of its website.<sup>87</sup> Additionally, if any party, or other person, seeks information designated as CEII, ColumbiaGrid will notify the disclosing party to seek its consent to release such information. If the disclosing party does not consent, ColumbiaGrid shall not release the CEII and shall inform the requesting party of the disclosing party's decision.<sup>88</sup> If ColumbiaGrid submits a filing with the Commission that includes CEII, ColumbiaGrid shall take reasonable steps to ensure the protection of such information pursuant to 18 C.F.R. § 388.112(b).<sup>89</sup>

(b) **Protests/Comments**

57. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

58. We find that Filing Parties' filings partially comply with the openness principle. Each year ColumbiaGrid, in coordination with the Planning Parties and interested persons, prepares the draft system assessment report, which includes draft need statements for the biennial regional transmission plan.<sup>90</sup> The ColumbiaGrid regional transmission planning process is open to all interested persons.<sup>91</sup> In addition, ColumbiaGrid notifies and allows all interested persons multiple opportunities to participate in the regional transmission planning process.<sup>92</sup> The Attachment Ks provide that ColumbiaGrid staff will "hold a public meeting, with general notice to Planning Parties and relevant state and provincial agencies and other interested persons and specific notice to those transmission providers that ColumbiaGrid anticipates may be

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<sup>87</sup> *E.g., id.* § 16.2.

<sup>88</sup> *E.g., id.*

<sup>89</sup> *E.g., id.*

<sup>90</sup> *E.g., Avista, OATT, Attachment K, Part IV, § 3.*

<sup>91</sup> *See, e.g., Avista, OATT, Attachment K, Part IV, §§ 4, 4.3.*

<sup>92</sup> For example, to identify needs for the biennial regional transmission plan, ColumbiaGrid, in coordination with the Planning Parties and interested persons, is to perform a system assessment through screening studies of the regional interconnected system. *Id.* at Part IV, § 3.1.

affected for the purpose of reviewing need statements and soliciting participation in a study team to address each need statement....”<sup>93</sup> Planning Parties are obligated to participate in study teams; however, affected persons and relevant state and provincial agencies and other interested persons have the option to actively participate in ColumbiaGrid’s planning activities through membership in study teams.<sup>94</sup> Therefore, we find that the overall development of the transmission plan and the planning process meets the requirements of Order No. 890 as revised by Order No. 1000 for compliance with the openness principle.

59. However, we find deficient the Attachment K revisions for compliance with the openness principle relating to confidentiality and CEII. We find that with respect to confidentiality and CEII concerns, Filing Parties have created detailed procedures within the Restated PEFA for the protection of confidential information and arbitration procedures for the resolution of any disputes that includes the use of arbitrators that are knowledgeable in electric industry matters.<sup>95</sup> However, Filing Parties failed to specify mechanisms for designating, managing and obtaining confidential information that is not CEII and similar but separate procedures for the management of CEII. We note that Avista’s Order No. 890-compliant Attachment K for its local transmission planning process provides specific procedures for transmission customers to request CEII.<sup>96</sup> We encourage Filing Parties to incorporate in their Attachment Ks procedures to designate, manage, and explain how stakeholders may obtain access to: (1) confidential information utilized in the planning process that is not CEII; and (2) CEII under the ColumbiaGrid transmission planning process.<sup>97</sup>

60. We also note that Filing Parties’ Restated PEFA provides that if the disclosing party does not consent, ColumbiaGrid shall not release CEII. This provision potentially creates a barrier to stakeholders’ participation in the planning process by not allowing stakeholders the information necessary to replicate the results of planning studies. A

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<sup>93</sup> *E.g., id.* at Part IV, § 4.4.

<sup>94</sup> *See, e.g., id.* at §§ 4, 4.3.

<sup>95</sup> *E.g., Avista, Restated PEFA, §§ 16.1-16.3.*

<sup>96</sup> Order No. 890 Compliance Filing I, 124 FERC ¶ 61,054 at PP 30, 28 & n.40 (referencing that Avista’s CEII request procedure, CEII non-disclosure agreement and CEII request form are posted on Avista’s OASIS in a CEII folder). Avista, OATT, Attachment K, Part III, §§ 2.1.2, 2.1.3.

<sup>97</sup> *Southern Co. Servs., Inc.*, 124 FERC ¶ 61,025, at P 28 (2008).

similar designation regarding confidentiality protections was made by Southern Company Services in its Attachment K which the Commission rejected.<sup>98</sup> The information necessary for any stakeholder to participate in the planning process and to replicate the results of planning studies, subject to confidentiality and CEII concerns *must* be disclosed.<sup>99</sup> Therefore, we find that ColumbiaGrid must allow stakeholders to have access to confidential information and CEII as long as a process is designated in Filing Parties' Attachment Ks to protect such information, such as the use of non-disclosure agreements.

61. Filing Parties' revisions to their Attachment Ks for compliance with the Order No. 1000 do not fully comply with the requirements of the openness principle. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings: (1) specifying procedures to designate confidential information, manage confidential information and explain how stakeholders may obtain access to confidential information utilized in the ColumbiaGrid transmission planning process that is not CEII; (2) specifying procedures to designate information as CEII, manage CEII and explain how stakeholders may obtain access to CEII; and (3) allowing stakeholders to have access to confidential information and CEII through a process designated in the Attachment Ks to protect such information. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with directives (1) – (3) listed above.

#### iv. Transparency

62. The transparency principle requires public utility transmission providers to reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans, including how they treat retail native loads, in order to ensure that standards are consistently applied. To that end, each public utility transmission provider must describe in its planning process the method(s) it will use to disclose the criteria, assumptions and data that underlie its transmission system plans. The transparency principle requires that sufficient information be made available to enable customers, other stakeholders, and independent third parties to replicate the results of planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion.<sup>100</sup>

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<sup>98</sup> See *Southern Co. Servs., Inc.*, 127 FERC ¶ 61,282, at PP 21-22 (2009) (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 441).

<sup>99</sup> See *id.* PP 57-58.

<sup>100</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471.

(a) **Filing Parties' Compliance Filings**

63. Filing Parties state that the planning criteria used in system assessments, system assessment reports and need statements include: (1) the then-current versions of planning standards applicable to transmission providers pursuant to law or regulation; (2) NERC reliability standards; (3) recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of transmission providers for use on their transmission systems; and (4) as applicable to any particular transmission provider, additional criteria accepted by that transmission provider and communicated to ColumbiaGrid by written notice.<sup>101</sup> Also, Filing Parties' Attachment Ks state that it is ColumbiaGrid's policy to post general planning criteria and provide transparency throughout its planning process.<sup>102</sup> For example, in preparing the draft transmission plan, Filing Parties' Attachment Ks state that the ColumbiaGrid Board of Directors (Board or ColumbiaGrid Board) makes available the draft transmission plan, study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII, to *all* Planning Parties and interested persons and provides the public an opportunity to supply information and provide written or oral comments to the Board during the review process.<sup>103</sup> In addition, Filing Parties assert that the Board reviews the draft transmission plan in an open and public process.<sup>104</sup>

(b) **Protests/Comments**

64. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

65. We find that Filing Parties' filings partially comply with the transparency principle. We acknowledge that the ColumbiaGrid regional transmission planning process is an open process and we note that through the ColumbiaGrid regional

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<sup>101</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.1; Avista, Restated PEFA, App. A, § 2.1; Bonneville Power, Tariffs, OATT, Attachment K, Part III.

<sup>102</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.1; Avista, Restated PEFA, App. A, § 2.1.

<sup>103</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 11.2; Avista, Restated PEFA, App. A, § 11.2; Bonneville Power, Tariffs, OATT, Attachment K, Part IV, § 12.2.

<sup>104</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 11.2; Avista, Restated PEFA, App. A, § 11.2.



transmission planning process, ColumbiaGrid will post general planning criteria on the its website to provide transparency throughout the planning process.<sup>105</sup> However, Filing Parties' Attachment Ks do not detail how Filing Parties comply with the transparency principle. Their Attachment Ks do not clearly explain the process that ColumbiaGrid will use to disclose the criteria, assumptions and data that underlie the regional transmission system plan. Also, Filing Parties' Attachment Ks should contain clear provisions that demonstrate how ColumbiaGrid will provide sufficient information to enable customers, other stakeholders, and independent third parties to replicate the results of planning studies.

66. In preparing the draft regional transmission plan, the Board makes available the draft transmission plan, study reports and electronic data files, subject to appropriate protection of Confidential Information and CEII, to *all* Planning Parties and interested persons and provides the public an opportunity to supply information and provide written or oral comments to the Board during the review process.<sup>106</sup> In addition, the Board reviews the draft transmission plan in an open and public process.<sup>107</sup> We find that although Filing Parties' Attachment Ks reference the availability of electronic data files in preparing the draft regional transmission plan, they do not provide enough detail to comply with the transparency principle. Further, the availability of those electronic data files to Planning Parties and interested persons seems to occur late in the draft regional transmission plan process.

67. Sufficient information to enable customers, other stakeholders and independent third parties to replicate the results of planning studies *may* be available as a part of the system assessment, needs statement or study team processes; however, Filing Parties' revisions to their Attachment Ks for compliance with the Order No. 1000 do not clearly demonstrate compliance with the requirements of the transparency principle. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings: (1) clearly explaining the process that ColumbiaGrid will use to disclose the criteria, assumptions and data that underlie the regional transmission system plan; and (2) clear provisions demonstrating how ColumbiaGrid will provide sufficient information to enable customers, other stakeholders, and independent third parties to replicate the results of planning studies,

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<sup>105</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.1.

<sup>106</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 11.2; Avista, Restated PEFA, App. A, § 11.2; Bonneville Power, Tariffs, OATT, Attachment K, Part IV, § 12.2.

<sup>107</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 11.2; Avista, Restated PEFA, App. A, § 11.2.

including more detail of the availability of electronic data files. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with directives (1) and (2) listed above. Finally, we note that while we find here that Avista, Puget Sound, and MATL's Attachment K revisions partially satisfy the transparency principle, the OATT revisions made to comply with this order, including those made to satisfy the affirmative obligation to plan discussed below in section IV.B.1.c.iv, must also comply with the transparency principle. Accordingly, Avista, Puget Sound, and MATL should evaluate, as they develop these further Attachment K revisions, whether additional changes to their Attachment Ks will be required to satisfy the transparency principle and propose such changes, if any, that are necessary to remain in compliance. In addition, Bonneville Power should consider how the transparency principle applies to any additional revisions to its Attachment K that are necessary to ensure that its Attachment K substantially conforms or is superior to the *pro forma* open access transmission tariff, as modified by Order No. 1000.

**v. Information Exchange**

68. The information exchange principle requires network customers to submit information on their projected loads and resources on a comparable basis (e.g., planning horizon and format) as used by public utility transmission providers in planning for their native load. Point-to-point customers are required to submit their projections for need of service over the planning horizon and at what receipt and delivery points. To the extent applicable, transmission customers should also provide information on existing and planned demand resources and their impact on demand and peak demand. In addition, stakeholders should provide proposed demand response resources if they wish to have them considered in the regional transmission planning process.<sup>108</sup> Public utility transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer and stakeholder information.<sup>109</sup>

**(a) Filing Parties' Compliance Filings**

69. Filing Parties do not address guidelines and schedules for the submittal of customer and stakeholder information in the regional transmission planning process.

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<sup>108</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at 487.

<sup>109</sup> *Id.* PP 486-487.

(b) **Protests/Comments**

70. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

71. We find that Filing Parties' filings do not comply with the information exchange principle. Unlike Filing Parties' Order No. 890 compliance filings, which provided guidelines and a schedule for customers and stakeholders to provide information in the local transmission planning processes,<sup>110</sup> Filing Parties failed to revise their Attachment Ks in their instant compliance filings to meaningfully address the information exchange principle as it relates to the ColumbiaGrid *regional* transmission planning process in compliance with Order No. 1000. The tariff provisions accepted by the Commission in Filing Parties' Order No. 890 compliance proceeding specifically apply only to the local transmission planning processes, and are insufficient to comply with the requirements of Order No. 1000. Although the data provided by network and point-to-point customers is reflected in the system assessment conducted by ColumbiaGrid on the regional interconnected transmission system, Filing Parties' Attachment Ks, as modified for Order No. 1000 compliance, do not detail the required information that the information exchange principle is intended to cover, such as customer load forecasts, projected service information, and existing and planned demand response resources provided by customers and stakeholders that are used to develop the regional transmission plan. They also lack specific guidelines for the format of information submission, or a schedule for the submittal of such customer or stakeholder information.

72. We note that the local planning process requires a consistency of assumptions by stating that the "[t]ransmission provider shall use the same assumptions for loads, resources, and system topology in its local transmission planning process as it provides to, and incorporates in, the applicable subregional and regional planning process(es)."<sup>111</sup> However, to the extent that Filing Parties are relying on information exchange that is a part of their Order No. 890-compliant transmission planning processes, they have not explained why this is an appropriate means of compliance with Order No. 1000 and made such clarifications in their Attachment Ks. Filing Parties may have intended for the local and regional transmission planning processes to share the same information submission requirements, guidelines and schedule; however, their Attachment K filings for the

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<sup>110</sup> See Order No. 890 Compliance Filing I, 124 FERC ¶ 61,054 at PP 40-44; Order No. 890 Compliance Filing II, 128 FERC ¶ 61,065 at P 24.

<sup>111</sup> Avista, OATT, Attachment K, Part III, § 8.4.

ColumbiaGrid regional transmission planning process are not revised to clearly address the information exchange principle in compliance with Order No. 1000.

73. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings: (1) detailing the information required by the information exchange principle for Order No. 1000 compliance, such as customer load forecasts, projected service information, and existing and planned demand response resources provided by customers and stakeholders used to develop the regional transmission plan; and (2) specifying guidelines for the format of information submission and a schedule for the submittal of such customer or stakeholder information. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with directives (1) and (2) listed above.

**vi. Comparability**

74. The comparability principle requires public utility transmission providers, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning.<sup>112</sup> In addition, public utility transmission providers must identify, as part of their transmission planning processes, how they will treat resources on a comparable basis, and therefore, how they will determine comparability for purposes of transmission planning.<sup>113</sup> Furthermore, public utility transmission providers are required to identify how they will evaluate and select from competing solutions and resources such that all types of resources are considered on a comparable basis.<sup>114</sup>

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<sup>112</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

<sup>113</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

<sup>114</sup> *See, e.g., NorthWestern Corp.*, 128 FERC ¶ 61,040, at P 38 (2009) (*Northwestern*); *El Paso Elec. Co.*, 128 FERC ¶ 61,063, at P 15 (2009) (*El Paso*); *N. Y. Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,044, at P 35 (2009) (*NYISO*) (all requiring the transmission provider's OATT to permit sponsors of transmission, generation, and demand resources to propose alternative solutions to identified needs and identify how the transmission provider will evaluate competing solutions when determining what facilities will be included in its transmission plan). In each of these cases, the Commission stated that tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance. Although the particular standard a public utility

(continued . . .)

(a) **Filing Parties' Compliance Filings**

75. Filing Parties do not specifically explain how they intend to comply with the comparability principle, other than by proposing revisions to their Attachment Ks and the Restated PEFA expanding how they will evaluate non-transmission alternatives.<sup>115</sup>

Filing Parties do explain that, in response to the Commission's directives in the Order No. 890 compliance proceeding, the ColumbiaGrid regional transmission planning process was amended to clarify that non-transmission alternatives could be proposed by participants in the ColumbiaGrid regional transmission planning process and to specify how non-transmission alternatives would be considered on a comparable basis in the regional transmission planning process. Filing Parties state the Commission accepted these provisions as complying with Order No. 890.<sup>116</sup>

76. Filing Parties also state that, in response to Order No. 1000, they propose to expand their Attachment K provisions relating to the consideration of non-transmission alternatives.<sup>117</sup> Specifically, Filing Parties propose the following new provision:

**2.4 Non-Transmission Alternatives**

In the evaluation of a Non-Transmission Alternative, if the Study Team determines that such alternative has a reasonable degree of development, eliminates or defers the Need(s) being studied by the Study Team, and is reasonable and adequate considering the factors described in section 2.3 of Appendix A of the PEFA, the Non-Transmission Alternative should be noted in the Plan. If such alternative is adopted by the Person on whose Electric System it would be located, such Non-

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transmission provider uses to perform this evaluation can vary, the Commission explained that it should be clear from the tariff language how one type of investment would be considered against another and how the public utility transmission provider would choose one resource over another or a competing proposal. *Northwestern*, 128 FERC ¶ 61,040 at P 38 n.31; *El Paso*, 128 FERC ¶ 61,063 at P 15 n.25; *NYISO*, 129 FERC ¶ 61,044 at P 35 n.26.

<sup>115</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 12-13.

<sup>116</sup> *E.g.*, Avista Transmittal Letter at 12 (citing *ColumbiaGrid*, Docket No. ER10-585-000 (Mar. 3, 2010) (delegated letter order)).

<sup>117</sup> *See, e.g.*, Avista Transmittal Letter Restated PEFA at 12-13.

Transmission Alternative is to be included in the assumptions used in future system assessments, subject to subsequent updates on the status of such Non-Transmission Alternative.<sup>118</sup>

77. Filing Parties state that the criteria used to evaluate non-transmission alternatives as potential solutions are the same criteria used to evaluate transmission alternatives.<sup>119</sup>

(b) **Protests/Comments**

78. No protests or comments were filed on this issue.

(c) **Commission Determination**

79. We find that Filing Parties' compliance filings partially comply with the comparability principle.

80. Filing Parties have revised their Attachment Ks to provide that any study team participant may propose a non-transmission alternative<sup>120</sup> to address the needs the study

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<sup>118</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.4.

<sup>119</sup> The factors used in evaluating proposed solutions (both transmission and non-transmission) to identified needs include the degree of development, feasibility, economics, effectiveness of performance, and satisfaction of need(s). *See, e.g.*, Avista, OATT, Attachment K, Part IV, §§ 2.3, 2.4.

<sup>120</sup> Non-transmission alternative is defined as follows:

[A]n alternative that does not involve the construction of high voltage transmission facilities and that ColumbiaGrid has determined would result in the elimination or delay of a Need by modifying the loads and/or resources reflected in the system assessments. Examples of such alternatives that may constitute Non-Transmission Alternatives include demand-side load reduction programs, peak-shaving projects, and distributed generation. The following examples are specifically excluded from Non-Transmission Alternatives: remedial action schemes, shunt capacitors, and reconductoring.

*E.g.*, Avista, OATT, Attachment K, App. A.

team was formed to address.<sup>121</sup> In addition, Filing Parties propose language stating that the study team will evaluate non-transmission alternatives using the same criteria the study team uses to evaluate transmission alternatives.<sup>122</sup> However, Filing Parties also propose that, in addition to the common evaluation factors, a study team must determine that a non-transmission alternative “has a reasonable degree of development” before the alternative can be noted in the transmission plan.<sup>123</sup> Filing Parties do not explain how the study team will determine whether a proposed non-transmission alternative has a reasonable degree of development. Filing Parties also do not explain how applying this new, additional factor only to non-transmission alternatives complies with the requirement to evaluate and select from competing solutions and resources such that all types of resources are considered on a comparable basis. In addition, Filing Parties did not propose to revise their Attachment Ks to require that ColumbiaGrid, after considering the data and comments supplied by customers and other stakeholders, develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning.<sup>124</sup>

81. Accordingly, we direct Avista, Puget Sound, and MATL, in compliance filings due 120 days from the date of issuance of this order, to revise their Attachment Ks to address compliance with the comparability principle, as it applies to the ColumbiaGrid regional transmission planning process. Likewise, Bonneville Power should also submit further revisions to its Attachment K to address compliance with the comparability principle, consistent with the directive to Avista, Puget Sound, and MATL.

#### **vii. Dispute Resolution**

82. The dispute resolution principle requires public utility transmission providers to identify a process to manage disputes that arise from the regional planning process. In order to facilitate resolution of all disputes related to planning activities, a public utility

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<sup>121</sup> *E.g., id.* at Part IV, § 4.1.ii. Any interested person may participate in a study team. *Id.* at Part IV, § 4.

<sup>122</sup> *E.g., id.* at Part IV, §§ 2.3, 2.4.

<sup>123</sup> *E.g., id.* at Part IV, § 2.4.

<sup>124</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

transmission provider's dispute resolution process must be available to address both procedural and substantive planning issues.<sup>125</sup>

(a) **Filing Parties' Compliance Filings**

83. Existing language in Filing Parties' respective Attachment Ks states that disputes among the signatories to the Restated PEFA shall be addressed through the arbitration provisions in the Restated PEFA.<sup>126</sup> Disputes that are not within the scope of the Restated PEFA but arise out of the transmission planning process between a transmission provider and one or more of its customers will be addressed under the dispute resolution procedures of each transmission provider's respective Attachment K.<sup>127</sup> In addition, existing language in the respective Attachment Ks states that ColumbiaGrid, as a separate and operationally independent entity that makes decisions and recommendations regarding multi-state planning issues, provides a neutral forum through which transmission customers, transmission providers, Planning Parties and other stakeholders can raise and address issues arising out of the ColumbiaGrid transmission planning activities. Under the ColumbiaGrid process, all interested persons have additional opportunities to present their perspectives to the ColumbiaGrid Board during its review of the draft biennial transmission plan. In addition, the ColumbiaGrid Board may remand items in the draft biennial transmission plan back to the ColumbiaGrid staff for further work and public input, if necessary.<sup>128</sup> Filing Parties' respective Attachment Ks also state that disputes that arise in connection with the ColumbiaGrid transmission planning process may be addressed with the agreement of all parties to the dispute through non-binding mediation using the Commission's dispute resolution service or other non-binding mechanism mutually agreeable to all parties to the dispute.<sup>129</sup>

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<sup>125</sup> *Id.* P 501.

<sup>126</sup> The dispute resolution section of Filing Parties' respective Attachment Ks are included in, *e.g.*, Avista, OATT, Attachment K, Part VII. *See also* Avista, Restated PEFA, § 17.

<sup>127</sup> *E.g.*, Avista, OATT, Attachment K, Part VII. *See also* Avista, OATT, Attachment K, Part 1, § 12.

<sup>128</sup> *E.g.*, *id.* at Part VII.

<sup>129</sup> *Id.*; Puget Sound, OATT, Attachment K, Part X; MATL, OATT, Attachment K, § 7; Bonneville Power, Tariffs, OATT, Attachment K, Part VI.



(b) **Protests/Comments**

84. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

85. The Commission previously found that the existing language in the Filing Parties' Attachment Ks comply with the dispute resolution principle for both the local and regional transmission planning processes.<sup>130</sup> Filing Parties have not proposed any changes to their existing dispute resolution procedures, and, therefore, we find that they continue to comply with the dispute resolution principle in the regional transmission planning process. Specifically, Filing Parties' Attachment Ks provide that disputes arising out of the planning processes between a transmission provider and one or more of its customers will be addressed under section 12 (Dispute Resolution Procedures) of the respective transmission providers' Attachment Ks. Filing Parties' Attachment Ks provide that disputes that are not within the scope of the foregoing dispute resolution processes, but that arise in connection with the ColumbiaGrid planning processes, may be addressed, by agreement of the parties to the dispute, through non-binding mediation using the Commission's Dispute Resolution Service or other non-binding mediation mechanism. In addition, Filing Parties' Attachment Ks provide that disputes among PEFA parties within the scope of the arbitration provisions of section 17 of the Restated PEFA will be addressed through the provisions in that section. Finally, the Filing Parties' Attachment Ks provide that nothing in their respective Attachment Ks restricts the rights of any person to file a complaint with the Commission under relevant provisions of the FPA. Accordingly, we find Avista, Puget Sound, and MATL respective Attachment Ks continue to comply with the dispute resolution principle for both the local and regional transmission planning processes. Likewise Bonneville's Attachment K substantially conforms or is superior to the *pro forma* OATT, as modified by Order No. 1000.

viii. **Economic Planning Studies**

86. The economic planning studies principle requires public utility transmission providers to account for economic, as well as reliability, considerations in the transmission planning process. The economic planning principle is designed to ensure that economic considerations are adequately addressed when planning for OATT customers as well. The principle requires that the scope of economic studies should not be limited to individual requests for transmission service. Customers must be given the opportunity to obtain studies that evaluate potential upgrades or other investments that

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<sup>130</sup> See Order No. 890 Compliance Order II, 128 FERC ¶ 61,065 at P 52. See also *BPA*, 130 FERC ¶ 61,260.

could reduce congestion or integrate new resources and loads on an aggregated or regional basis.<sup>131</sup>

(a) **Filing Parties' Compliance Filings**

87. Filing Parties propose that ColumbiaGrid analyze projects that have the potential to reduce the total delivered cost of energy by alleviating congestion or providing other economic benefits to the transmission systems within the ColumbiaGrid footprint.<sup>132</sup> Filing Parties propose to use Western Electricity Coordinating Council's (WECC) Transmission Expansion Planning Policy Committee (TEPPC) economic study process, which conducts Western interconnection-wide economic planning studies, to address economic study requests.<sup>133</sup> ColumbiaGrid will consider requests for economic planning studies at its last scheduled planning meeting of the year (typically held in November or December). Notice of the meeting will be posted on the ColumbiaGrid website and distributed via emails. The posted agenda will clearly indicate if an economic planning study request will be under consideration. The participants at the meeting may provide or receive input on any requested studies. Such input may include, without limitation, consideration of: (1) the breadth of interest in, and support for, the requested economic planning study; (2) the feasibility of the requested economic planning study; and (3) the relationship between the requested economic planning study and potential congestion relief or integration on an aggregated or Western interconnection wide basis of new resources or new loads. If the consensus of participants at the meeting determines that any such request (or any such request developed during such meeting) has sufficient merit to be forwarded to WECC, ColumbiaGrid will submit the study request to WECC during the economic planning study request window.<sup>134</sup>

88. These study requests will then be processed and prioritized in accordance with the existing TEPPC Transmission Planning Protocol. Specifically, Filing Parties' Attachment Ks indicate that when an economic planning study is transferred to TEPPC, TEPPC will review the economic planning study requests received from transmission providers, sub-regional transmission planning groups, and stakeholders during its open stakeholder meeting, pursuant to the meeting schedules on the TEPPC website, and, together with its stakeholders, prioritize requests for economic planning studies. Both the

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<sup>131</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 542-543.

<sup>132</sup> *E.g.*, Avista, OATT, Attachment K, Part VI, §§ 1, 2.

<sup>133</sup> *E.g.*, *id.* at Part VI, § 3.

<sup>134</sup> *E.g. id.* at Part VI, §§ 3.1- 3.2.

transmission provider and the requesting stakeholder will have an opportunity to participate in the TEPPC prioritization process and provide input as to why the study should be included in the TEPPC study plan.<sup>135</sup>

89. Economic planning study requests received from a Planning Party that are not referred to WECC will be treated as capacity increase projects under the ColumbiaGrid transmission planning process, through which a study team is formed to undertake the economic planning study associated with the project and the Planning Party that submitted the study request will be deemed the sponsoring party and will assume primary responsibility for leading and performing necessary analytical work.<sup>136</sup>

**(b) Protests/Comments**

90. No comments or protests were filed regarding economic planning studies principle.

**(c) Commission Determination**

91. We find that Filing Parties' filings comply with the economic planning studies principle because as explained above, the ColumbiaGrid regional transmission planning process considers economic planning study requests at a meeting where all participants may provide or receive input on any requested studies, and determine whether such requests, or other economic study requests developed at such meeting will be forwarded to WECC. Filing Parties respective Attachment Ks also indicate that the economic planning studies forwarded to WECC will be prioritized in the TEPPC process in accordance with the TEPPC Transmission Planning Protocol. We also note that Filing Parties also indicate that a study team, facilitated by ColumbiaGrid, is formed to consider economic planning study requests that are not forwarded to WECC. We find that the provisions addressing economic planning studies reflected in Avista's, Puget Sound's and MATL's respective Attachment Ks comply with the economic planning studies principle. Likewise, the provisions addressing economic planning studies reflected in Bonneville Power's Attachment K substantially conform or are superior to the *pro forma* OATT, as modified by Order No.1000.

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<sup>135</sup> *E.g., id.* at Part VI, § 3.1. Filing Parties' respective Attachment Ks provide a link where more details regarding the TEPPC economic planning study process and study request window, such as the TEPPC Transmission Planning Protocol, can be found. The respective Attachment Ks reflect that ColumbiaGrid is a member of TEPPC and will participate in the TEPPC process.

<sup>136</sup> *E.g., id.* at Part VI, § 3.2.

c. **Requirement to Plan on a Regional Basis to Identify More Efficient or Cost-Effective Transmission Solutions**

92. Through the regional transmission planning process, public utility transmission providers must evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning process.<sup>137</sup> Public utility transmission providers have the flexibility to develop, in consultation with stakeholders, procedures by which the public utility transmission providers in the region identify and evaluate the set of potential solutions that may meet the region's needs more efficiently or cost-effectively.<sup>138</sup> In addition, whether or not public utility transmission providers within a transmission planning region select a transmission facility in the regional transmission plan for purposes of cost allocation will depend in part on their combined view of whether the transmission facility is a more efficient or cost-effective solution to their needs.<sup>139</sup>

93. Public utility transmission providers in each transmission planning region, in consultation with stakeholders, must propose what information and data a merchant transmission developer<sup>140</sup> must provide to the regional transmission planning process to allow the public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on other systems in the region.<sup>141</sup>

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<sup>137</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148.

<sup>138</sup> *Id.* P 149.

<sup>139</sup> *Id.* P 331.

<sup>140</sup> Order No. 1000 defines merchant transmission projects as projects “for which the costs of constructing the proposed transmission facilities will be recovered through negotiated rates instead of cost-based rates.” *Id.* P 119. The Commission noted in Order No. 1000 that “a merchant transmission developer assumes all financial risk for developing its transmission project and constructing the proposed transmission facilities.” *Id.* P 163.

<sup>141</sup> *Id.* P 164; Order No. 1000-A, 139 FERC ¶ 61,132 at PP 297-298.

94. Finally, the regional transmission planning process developed by public utility transmission providers, in consultation with stakeholders, must result in a regional transmission plan that reflects the determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.<sup>142</sup> Order No. 1000 does not require that the resulting regional transmission plan be filed with the Commission.

**i. Filing Parties' Compliance Filings**

95. Under the regional transmission planning process, each year ColumbiaGrid models and studies the regional interconnected transmission system facilities through a system assessment<sup>143</sup> and other analyses to identify needs, including needs driven by public policy requirements.<sup>144</sup> During the system assessment ColumbiaGrid in coordination with the Planning Parties and interested persons identifies potential reliability needs and other potential needs, such as transmission and interconnection requests, capacity increase on the transmission system and potential needs identified by any person for increased capacity on the regional interconnected transmission system.<sup>145</sup> Through such system assessment, ColumbiaGrid, in coordination with Planning Parties and interested persons,<sup>146</sup> identifies needs for which potential solutions should be

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<sup>142</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 147.

<sup>143</sup> ColumbiaGrid applies planning criteria including applicable transmission provider planning standards, NERC reliability standards, recognized regional planning or other reliability or transmission adequacy criteria developed by the consensus of the transmission providers for use on their systems and additional criteria applicable to a transmission provider and communicated to ColumbiaGrid by written notice; provided such criteria will only apply to such provider. *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.1.

<sup>144</sup> ColumbiaGrid also takes into account input of the Planning Parties and interested persons. ColumbiaGrid applies certain factors to "potential needs" to arrive at a set of needs to be included in the system assessment. *See, e.g., id.* at Part IV, §§ 2.1, 2.2.

<sup>145</sup> *E.g., id.* at Part IV, § 3.1.

<sup>146</sup> *E.g., id.* at Part IV, § 3.6.

identified, evaluated and tasked to study teams.<sup>147</sup> The goal of a study team is to reach agreement on all required elements of a plan of service to address an identified need.<sup>148</sup>

96. In developing the plan of service, the study team evaluates any proposed solutions including proposed transmission projects, non-transmission alternatives and conceptual solutions that are reflected in the need statement, or that are proposed by any study team participant.<sup>149</sup> The study team applies specific solution evaluation factors in evaluating proposed solutions to address needs. The factors include in the case of a proposed project: (1) the degree of development of such proposed project; (2) feasibility; (3) coordination with any affected transmission system and any other affected persons; (4) economics; (5) effectiveness of performance; (6) satisfaction of the need (including the extent to which such solution satisfies multiple needs); and (7) consistency with applicable state, regional and federal planning requirements. No single factor is necessarily determinative in evaluating proposed solutions to address needs.<sup>150</sup> The study team also assesses whether there is a solution to the need that is a more cost-effective and efficient alternative.<sup>151</sup> ColumbiaGrid participates in each study team and, as needed, manages and facilitates the study team process.<sup>152</sup>

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<sup>147</sup> Need statements include the following information: a narrative description of the need, the assumptions, applicable planning criteria and methodology used to determine the need; one or more conceptual transmission based solutions to meet the need with estimated timelines and estimated costs to implement such solution and an indication of whether a non-transmission alternative may be viable to eliminate or delay the necessity for a transmission based solution. *E.g., id.*

<sup>148</sup> *E.g., id.* at Part IV, § 4.1. A study team's evaluation may not necessarily result in a plan of service.

<sup>149</sup> A study team will evaluate any proposed solution provided that the information, including project data, needed for the study team to evaluate such proposed solution has been provided to ColumbiaGrid. *E.g., id.*

<sup>150</sup> *See, e.g., id.* at Part IV, § 2.3.

<sup>151</sup> *E.g., id.* at Part IV, § 4.1.

<sup>152</sup> ColumbiaGrid posts summaries of the progress of study teams, including developing plans of service. *E.g., id.* at Part IV, § 4.3.

97. Filing Parties explain that study teams work in an open, transparent, non-discriminatory and collaborative manner to identify and evaluate solutions.<sup>153</sup> Any interested person may join a study team and participate in the development of projects to meet transmission needs and introduce alternatives to proposed transmission projects.<sup>154</sup>

**ii. Protests/Comments**

98. LS Power urges the Commission to require Filing Parties to amend their tariffs to include details addressing how ColumbiaGrid will select a project for inclusion in the regional transmission plan from among competing projects.<sup>155</sup> AWEA states that the ColumbiaGrid planning process fails to meet Order No. 1000's goals of integrated planning by establishing separate planning processes for different categories of transmission that would tend to produce a result that is sub-optimal for cost-effectiveness and efficiency.<sup>156</sup> AWEA states that placing transmission plans into artificial categories ignores the fact that the most cost-effective transmission projects are typically those that serve multiple purposes simultaneously.

**iii. Answer**

99. Filing Parties state that AWEA's concerns are misplaced. Filing Parties state that the Restated PEFA expressly recognizes that a project may serve multiple purposes and that study teams will evaluate projects that address multiple needs and work together to

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<sup>153</sup> Study teams are open to all Planning Parties, and affected persons, relevant state and provincial agencies or other interested persons. *See, e.g.,* Avista Restated PEFA, App. A, § 4.1.

<sup>154</sup> If the study team determines that such a non-transmission alternative has a reasonable degree of development, eliminates or defers a need being studied by the study team, the non-transmission alternative is noted in the plan. If the non-transmission alternative is adopted by the entity in whose electric system it would be located, the non-transmission alternative would be reflected in the assumptions used in future system assessments. *See, e.g.,* Avista, OATT, Attachment K, Part IV, § 2.4.

<sup>155</sup> LS Power Protest at 11.

<sup>156</sup> AWEA, Comments, Docket Nos. NJ13-1-000, ER13-93-000, and ER13-94-000, at 16-17 (filed Nov. 30, 2012) (AWEA Comments).

resolve differences, gain efficiencies or effectiveness, or develop solutions that meet more than one need.<sup>157</sup>

#### iv. Commission Determination

100. We find that the process and procedures described in Filing Parties' respective Attachment Ks partially comply with Order No. 1000's requirement that public utility transmission providers evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively than transmission solutions identified by individual public utility transmission providers in their local transmission planning processes. We find that Filing Parties' respective Attachment Ks describe the process under which ColumbiaGrid identifies the set of potential solutions that may meet the region's needs during the system assessment and drafting of needs statements prior to forming a study team. However, as discussed below, it is unclear whether ColumbiaGrid or the study team conducts an analysis to identify regional projects or proposals that might meet the needs of the transmission planning region more efficiently or cost-effectively than solutions proposed by study team participants.

101. One of the stated purposes of the requirements adopted in Order No. 1000 is "to remedy deficiencies in the existing requirements of Order No. 890."<sup>158</sup> The Commission explained the deficiencies as follows:

Order No. 890 required public utility transmission providers to coordinate at the regional level for the purpose of sharing system plans and identifying system enhancements that could relieve congestion or integrate new resources. The Commission did not specify, however, whether such coordination with regard to identifying system enhancements included an obligation for public utility transmission providers to take affirmative steps to identify potential solutions at the regional level that could better meet the needs of the region. As a result, the existing requirements of Order No. 890 permit regional transmission planning processes to be used as a forum merely to confirm the simultaneous feasibility of transmission facilities contained in their local transmission plans. Consistent with the economic planning

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<sup>157</sup> Filing Parties Answer at 15.

<sup>158</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 12.



requirements of Order No. 890, regional transmission planning processes also must respond to requests by stakeholders to perform studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources or loads on an aggregated or regional basis. Again, no affirmative obligation was placed on public utility transmission providers within a region to undertake such analyses in the absence of requests by stakeholders. There is also no obligation for public utility transmission providers within the region to develop a single transmission plan for the region that reflects their determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.<sup>159</sup>

102. Order No. 1000 addresses these deficiencies by, among other requirements, placing an affirmative obligation on public utility transmission providers to participate in a regional transmission planning process that produces a regional transmission plan.<sup>160</sup>

103. Under the regional transmission planning process, ColumbiaGrid conducts an annual system assessment of the regional interconnected grid to identify potential needs. ColumbiaGrid will apply certain factors in selecting among potential needs for inclusion in the system assessment and will base the assessment on the then current WECC planning base cases, provided that Planning Parties provide updates to inputs previously submitted. ColumbiaGrid will issue a draft system assessment report and draft need statement which identifies those reliability needs, as well as those other non-reliability needs, to be further evaluated.<sup>161</sup> Needs statements drafted in the process also reflect one or more conceptual solutions to meet the need together with an indication of whether a non-transmission solution may be viable to eliminate or delay the transmission-based solution. ColumbiaGrid then tasks study teams to study and evaluate potential solutions to the need identified in each need statement.

104. As noted above, ColumbiaGrid will convene a study team to address an identified need reflected in a need statement and the study team applies evaluation factors to

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<sup>159</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 147 (footnotes omitted).

<sup>160</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148.

<sup>161</sup> ColumbiaGrid will document the basis upon which a potential need was not selected for inclusion in the system assessment. *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.1(ii)(b).

determine what project to include in the study team's initial report.<sup>162</sup> We find the evaluation factors set forth in the Restated PEFA and Attachment Ks are transparent for all parties participating in the transmission planning process. The ColumbiaGrid process also indicates that the study team will also undertake an assessment of whether there is "a more cost-effective and efficient alternative" than that which is reflected in the need statement or otherwise proposed by a study team participant. We have two concerns regarding this aspect of the study team process. First, we note that the study team will determine whether there is a "more cost effective and efficient alternative" and second, we find it is not clear from the description of the study team process how ColumbiaGrid or the study team conducts an analysis to determine whether regional transmission needs, when taken together, can be met more efficiently or cost-effectively by a regional solution that is not sponsored by a study team participant (i.e., an unsponsored project). To satisfy the requirements of Order No. 1000, Filing Parties must modify their Attachment Ks consistent with the Order No. 1000 standard of "more efficient or cost-effective"<sup>163</sup> and must clarify how, in the study team process, unsponsored projects are considered to ensure a study team identifies and evaluates potential solutions that may meet the region's needs more efficiently or cost-effectively.

105. Order No. 1000's affirmative obligation to identify more efficient or cost-effective transmission solutions applies to transmission needs driven by economic considerations just as it applies to transmission needs driven by public policy requirements or reliability considerations. We note that, while Filing Parties' proposal meets Order No. 1000's requirement to permit stakeholders to request economic studies on a regional basis, as proposed, economic planning is not an integral part of ColumbiaGrid's regional transmission planning process. In particular, the proposed regional transmission planning process does not require ColumbiaGrid to affirmatively identify transmission needs driven by economic considerations, regardless of whether it receives stakeholder requests for economic studies. We also find that the compliance filings are deficient in this regard.

106. Order No. 1000 also requires the public utility transmission providers to identify information that a merchant transmission developer would be required to provide to ColumbiaGrid in order for ColumbiaGrid to assess potential reliability and operational impacts of a merchant transmission developer's proposed transmission facilities on other systems in the region. Our review indicates that Filing Parties do not address this requirement in their respective compliance filings.

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<sup>162</sup> The evaluation factors used by each study team are addressed specifically in section IV.B.2.d. below.

<sup>163</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148.

107. We therefore direct Avista, Puget Sound, and MATL to submit further compliance filings within 120 days of the date of issuance of this order to revise their respective Attachment Ks to: (1) be consistent with the Order No. 1000 standard of “more efficient or cost-effective;” (2) clarify how, in the study team process unsponsored transmission projects are considered to ensure ColumbiaGrid or the study team identifies the more efficient or cost-effective solution in the regional transmission planning process; (3) set forth the affirmative obligation to identify transmission solutions that more efficiently or cost-effectively meet reliability requirements, address economic considerations, and meet transmission needs driven by public policy requirements;<sup>164</sup> and (4) identify information that a merchant transmission developer must provide in order for ColumbiaGrid to assess potential reliability and operational impacts of a proposed transmission facility. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with directives (1) – (4) listed above.

108. Finally, we disagree with AWEA that the ColumbiaGrid transmission planning process fails to meet the integrated planning goal of Order No. 1000 by establishing separate planning processes for different categories of transmission projects. As noted by Filing Parties, study teams consider transmission projects that may serve multiple purposes.<sup>165</sup> In addition, one of the factors used to evaluate proposed solutions to a transmission need is “the extent to which the proposed solution satisfies multiple Needs.”<sup>166</sup>

**d. Consideration of Transmission Needs Driven by Public Policy Requirements**

109. Order No. 1000 requires public utility transmission providers to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.<sup>167</sup> The Commission clarified in Order No. 1000-A that Order No. 1000 requires that transmission needs driven by Public Policy Requirements be considered just

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<sup>164</sup> We also note that any additional Attachment K procedures proposed to implement the affirmative obligation discussed above must also comply with the Order No. 890 principles.

<sup>165</sup> Filing Parties Answer at 15.

<sup>166</sup> Avista, OATT, Attachment K, Part IV, § 2.3(vi).

<sup>167</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 203.

as transmission needs driven by reliability or economic concerns are also considered.<sup>168</sup> Public Policy Requirements are requirements established by local, state or federal laws or regulations (i.e., enacted statutes passed by the legislature and signed by the executive and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level).<sup>169</sup> As explained further below, Order No. 1000 specifies that the consideration of transmission needs driven by Public Policy Requirements means: (1) the identification of transmission needs driven by Public Policy Requirements; and (2) the evaluation of potential solutions to meet those identified needs.<sup>170</sup>

110. To comply with the requirement to identify transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with their stakeholders, must establish procedures in their OATTs to identify at the local and regional level those transmission needs driven by Public Policy Requirements for which potential transmission solutions will be evaluated.<sup>171</sup> The process for identifying transmission needs driven by Public Policy Requirements must allow stakeholders, including, but not limited to, those responsible for complying with the Public Policy Requirements at issue and the developers of potential transmission facilities that are needed to comply with one or more Public Policy Requirements, an opportunity to provide input and to offer proposals regarding the transmission needs they believe are driven by Public Policy Requirements.<sup>172</sup> Public utility transmission providers must explain in their compliance filings how the procedures adopted give all stakeholders a meaningful opportunity to submit what the stakeholders believe are transmission needs driven by Public Policy Requirements.<sup>173</sup>

111. In addition, public utility transmission providers, in consultation with stakeholders, must establish a just and reasonable and not unduly discriminatory process

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<sup>168</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at PP 204, 206, 208-211, 317-319.

<sup>169</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 2. Order No. 1000-A clarified that Public Policy Requirements included local laws and regulations passed by a local governmental entity, such as a municipal or county government. Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

<sup>170</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 205.

<sup>171</sup> *Id.* PP 206, 207.

<sup>172</sup> *Id.* PP 207, 208.

<sup>173</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

through which public utility transmission providers will identify, out of this larger set of needs, those needs for which transmission solutions will be evaluated.<sup>174</sup> Public utility transmission providers must explain in their compliance filings how their open and transparent transmission planning process determines whether to move forward regarding transmission needs driven by Public Policy Requirements.<sup>175</sup> In addition, each public utility transmission provider must post on its website an explanation of: (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local and regional transmission planning processes; and (2) how other transmission needs driven by Public Policy Requirements introduced by stakeholders were considered during the identification stage and why they were not selected for further evaluation.<sup>176</sup>

112. To comply with the requirement to evaluate potential solutions to meet the identified transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with stakeholders, must also establish procedures in their OATTs to evaluate at the local and regional level potential solutions to identified transmission needs driven by Public Policy Requirements.<sup>177</sup> These procedures must include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by Public Policy Requirements.<sup>178</sup> Stakeholders must be provided an opportunity to provide input during the evaluation of potential solutions to identified needs.<sup>179</sup> In addition, the Commission and stakeholders must be able to review the record that is created by the process to help ensure that the identification and evaluation decisions are open and fair, and not unduly discriminatory or preferential.<sup>180</sup> The Commission will review the proposed evaluation procedures to ensure they comply

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<sup>174</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

<sup>175</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

<sup>176</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

<sup>177</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

<sup>178</sup> *Id.* P 211; *see also id.* n.191 (“This requirement is consistent with the existing requirements of Order Nos. 890 and 890-A which permit sponsors of transmission and non-transmission solutions to propose alternatives to identified needs.”).

<sup>179</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 220.

<sup>180</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 321.

with the objective of meeting the identified transmission needs more efficiently or cost-effectively.<sup>181</sup>

113. Public utility transmission providers must amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.<sup>182</sup> There are no restrictions on the type or number of Public Policy Requirements to be considered as long as any such requirements arise from local, state, or federal laws or regulations that drive transmission needs and as long as the requirements of the procedures required in Order No. 1000 are met.<sup>183</sup> In addition, Order No. 1000 does not preclude any public utility transmission provider from considering in its transmission planning process transmission needs driven by additional public policy objectives not specifically required by local, state or federal laws or regulations. However, Order No. 1000 creates no obligation for any public utility transmission provider or its transmission planning processes to consider transmission needs driven by a public policy objective that is not specifically required by local, state or federal laws or regulations.<sup>184</sup> In addition, public utility transmission providers are not required to consider Public Policy Requirements themselves as part of the transmission planning process.<sup>185</sup>

**i. Consideration of Transmission Needs Driven by Public Policy Requirements in the Regional Transmission Planning Process**

114. First, we analyze in this section Filing Parties' compliance filings for compliance with Order No. 1000's requirements with respect to consideration of transmission needs driven by public policy requirements in the *regional* transmission planning process. In the next section, we analyze Filing Parties' respective compliance filings for compliance with respect to consideration of transmission needs driven by public policy requirements in the *local* transmission planning process.

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<sup>181</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

<sup>182</sup> *Id.* P 203.

<sup>183</sup> *Id.* P 214; Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

<sup>184</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 216.

<sup>185</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 204.

(a) **Regional Transmission Planning Process – Filing Parties’ Compliance Filings**

115. Filing Parties propose to define public policy requirements as “enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level.”<sup>186</sup> In addition, Filing Parties propose to revise the definition of need to clarify that needs considered in the regional transmission planning process may include transmission needs driven by public policy requirements.<sup>187</sup>

116. In coordination with the Planning Parties and interested persons, ColumbiaGrid will consider potential needs of a transmission provider to respond to requests for transmission service or interconnection, or to increase capacity on its transmission system, as well as potential needs identified by anyone for increased transmission capacity.<sup>188</sup> Given Filing Parties’ proposed revision of the definition of needs, such potential needs may include transmission needs to respond to requests for transmission service or interconnection or to increase capacity driven by public policy requirements. As discussed in section IV.B.1.c above, ColumbiaGrid will then select the potential needs that will be included in the system assessment based on the following factors: (1) the level and form of support for addressing the potential need (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the potential need); (2) the feasibility of addressing the potential need; (3) the extent to which addressing the potential need would also address other potential needs; and (4) the factual basis supporting the potential need.<sup>189</sup> ColumbiaGrid will document the basis upon which a potential need was not selected for inclusion in the system assessment.<sup>190</sup>

117. Once ColumbiaGrid has completed a need statement for a particular need, the ColumbiaGrid study team process will develop a plan of service to address that need,

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<sup>186</sup> *E.g.*, Puget Sound, OATT, Attachment K, App. A, § A.59; Avista Transmittal Letter Restated PEFA at 9; Avista, Restated PEFA, § 1.58.

<sup>187</sup> *E.g.*, Puget Sound, OATT, Attachment K, App. A, § A.25; Avista Transmittal Letter Restated PEFA at 9; Avista, Restated PEFA, § 1.29.

<sup>188</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.1.

<sup>189</sup> *E.g.*, *id.* at Part IV, §§ 2.2, 3.1.

<sup>190</sup> *E.g.*, *id.* at Part IV, § 3.1.

including evaluation of proposed transmission projects, non-transmission alternatives, and conceptual solutions to meet the need reflected in the need statement or proposed by any study team participant.<sup>191</sup> This study team process will apply to transmission needs identified in a need statement, including those driven by public policy requirements. Any Planning Party, affected person, relevant state and provincial agency or other interested person may participate in such study teams.<sup>192</sup> When evaluating potential solutions to a transmission need, including one driven by public policy requirements, the study teams will consider the following factors: (1) in the case of a proposed project, sponsorship and degree of development of a proposal for such project; (2) feasibility; (3) coordination with any affected transmission system and any other affected persons; (4) economics; (5) effectiveness of performance; (6) satisfaction of need(s), including the extent to which the proposed solution satisfies multiple needs; and (7) consistency with applicable state, regional, and federal planning requirements and regulations.<sup>193</sup> In applying these factors, the study team also considers whether there is a more cost-effective and efficient alternative to address the need.<sup>194</sup>

118. As discussed below in section IV.B.2.d, all requests for Order No. 1000 cost allocation, as well as ColumbiaGrid's preliminary determination as to whether the transmission project for which Order No. 1000 cost allocation was requested qualifies as an Order No. 1000 transmission project,<sup>195</sup> will be posted on ColumbiaGrid's website.<sup>196</sup> Filing Parties assert that posting all requests for Order No. 1000 cost allocation and the documentation and posting of the determinations on Order No. 1000 cost allocation requests satisfy the Order No. 1000 requirement that public utility transmission providers post an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the

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<sup>191</sup> *E.g., id.* at Part IV, § 4.1.

<sup>192</sup> *E.g., id.* at Part IV, § 4.3.

<sup>193</sup> *E.g., id.* at Part IV, § 2.3.

<sup>194</sup> *E.g., id.* at Part IV, § 4.1; Avista, Restated PEFA, App. A, § 4.1.

<sup>195</sup> Filing Parties refer to a transmission facility that has been selected pursuant to the transmission planning region's transmission planning process for inclusion in the regional plan for purposes of cost allocation as an Order No. 1000 transmission project. Avista, Restated PEFA, § 1.43.

<sup>196</sup> *E.g.,* Avista, OATT, Attachment K, Part IV, §§ 10.1.1, 10.1.2; Avista, Restated PEFA, App. A, §§ 10.1.1, 10.1.2.



regional transmission planning process; and (2) how other transmission needs driven by public policy requirements introduced by stakeholders were considered during the identification stage and why they were not selected for further evaluation in the regional transmission planning process.<sup>197</sup>

119. Finally, ColumbiaGrid prepares and posts on the ColumbiaGrid website a preliminary draft regional transmission plan, which includes recommended transmission projects, on which it then obtains stakeholder comments.<sup>198</sup> When ColumbiaGrid submits the draft transmission plan to the Board for review, the Board makes the draft regional transmission plan, study reports, and data files available to the Planning Parties and interested persons and provides the public an opportunity to supply information and provide written or oral comments on the plan to the Board, which it will consider in its review.<sup>199</sup>

**(b) Regional Transmission Planning Process – Protests/Comments**

120. E.ON states that certain provisions related to the regional transmission planning process in Filing Parties' respective Attachment Ks should be modified to require supporting data for the decisions addressing why certain identified transmission needs were not selected for further evaluation.<sup>200</sup>

121. AWEA is concerned that the proposal to consider only those public policy requirements included in transmission providers' local transmission plans will not lead to a comprehensive understanding of regional transmission needs driven by public policy requirements or a cost-effective approach to developing regional transmission plans that

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<sup>197</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 9 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209); *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

<sup>198</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 11; Avista, Restated PEFA, App. A, § 11.

<sup>199</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, §§ 11.2, 11.3; Avista, Restated PEFA, App. A, §§ 11.2, 11.3.

<sup>200</sup> E.ON Comments to Avista Attachment K Filing at 5 (citing Avista, OATT, Attachment K, Part IV, § 10.1.2.1); E.ON Comments to Puget Sound Attachment K Filing at 5 (citing Puget Sound, OATT, Attachment K, Part III, § 10.1.2.1).

meet those needs.<sup>201</sup> To address this concern, AWEA requests that the Commission direct Filing Parties to solicit local and regional transmission needs driven by public policy requirements rather than relying on local transmission plans crafted in isolation of one another.<sup>202</sup> Moreover, AWEA contends that Order No. 1000 requires consideration of public policy requirements at the regional level that may not be local in nature, and that applicable local transmission projects must be rolled-up into a regional transmission plan that addresses identified public policy requirements.<sup>203</sup> AWEA urges the Commission to require Filing Parties to describe in further detail the procedures ColumbiaGrid will use to identify and select local and regional transmission needs driven by public policy requirements for evaluation in the regional transmission plan.<sup>204</sup>

122. AWEA further asserts that ColumbiaGrid must be part of the process whereby public utility transmission providers post an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions, as well as an explanation of why other suggested transmission needs will not be evaluated. AWEA contends that ColumbiaGrid should not just post information provided by its members because it cannot independently verify the information.<sup>205</sup>

(c) **Regional Transmission Planning Process – Answer**

123. In response to E.ON, Filing Parties state that the proposed revisions to their respective Attachment Ks are consistent with the Order No. 1000 requirement to provide an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions, as well as an explanation of why other suggested transmission needs will not be evaluated. Further, they argue that their revised Attachment Ks provide for transparent, nondiscriminatory procedures and provide for explanation of why a project or need was not selected.<sup>206</sup> Filing Parties state that their revised Attachment Ks provide that ColumbiaGrid will document an explanation of why

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<sup>201</sup> AWEA Comments at 11.

<sup>202</sup> *Id.*

<sup>203</sup> *Id.* at 12.

<sup>204</sup> *Id.* at 13.

<sup>205</sup> *Id.* at 12.

<sup>206</sup> Filing Parties Answer at 27-28.

certain transmission projects are not selected as Order No. 1000 transmission projects,<sup>207</sup> as well as “the basis upon which a potential need was not selected for inclusion in the system assessment.”<sup>208</sup>

124. Filing Parties also state that, depending on the nature of the need or transmission project being evaluated and the factors under which it is being evaluated, a requirement to post supporting data, as E.ON advocates, may be unduly burdensome and impractical. Because the evaluations performed include qualitative considerations, Filing Parties contend that a requirement to include data in the posted explanations would be overbroad and could be confusing. Further, Filing Parties argue that the content of the explanation required by Order No. 1000 will necessarily depend on the particular facts in each case.<sup>209</sup>

125. In response to AWEA, Filing Parties state that stakeholders are able to propose potential needs, including potential needs driven by public policy requirements, and note that the definition of potential need in the Restated PEFA has been revised to specifically include needs driven by public policy requirements.<sup>210</sup> Filing Parties also note that the ColumbiaGrid Planning Process is an open and transparent planning process for all interested persons, and that the Restated PEFA provides for open processes, public meetings, and opportunities for comment.<sup>211</sup>

**(d) Regional Transmission Planning Process –  
Commission Determination**

126. We find that Filing Parties’ compliance filings partially comply with the provisions of Order No. 1000 addressing transmission needs driven by public policy requirements in the regional transmission planning process. Accordingly, we direct Avista, Puget Sound, and MATL to submit, within 120 days of the date of issuance of

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<sup>207</sup> *Id.* (citing Avista, Restated PEFA, App. A, § 10.1.2.1).

<sup>208</sup> *Id.* at 28 (citing Avista, Restated PEFA, App. A, § 3.1.1).

<sup>209</sup> *Id.* at 29.

<sup>210</sup> *Id.* at 12. Filing Parties also state that the ColumbiaGrid process provides for consideration of potential needs identified by any person for increased transmission capacity on the regional interconnected systems. *Id.* (citing Restated PEFA, App. A, § 3.1.1).

<sup>211</sup> *Id.* at 12-13.

this order, further compliance filings, as discussed below. Likewise, Bonneville Power should also submit further revisions to its Attachment K.

127. We find that Filing Parties' proposed definition of public policy requirements as "enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level"<sup>212</sup> complies with Order No. 1000. We conclude that, consistent with Order No. 1000, Filing Parties' proposed definition includes requirements established by *local*, state, or federal laws or regulations.<sup>213</sup> However, Avista does not include a definition of public policy requirements in its Attachment K, and Avista and MATL do not revise the definition of need to include transmission needs driven by public policy requirements, although Avista and MATL generally incorporate definitions in the Restated PEFA into their Attachment Ks.<sup>214</sup> Incorporation of these revised definitions in Avista and MATL's Attachment Ks is necessary to provide clarity for participants in the regional transmission planning process and to ensure consistency among Filing Parties' compliance filings and between Avista and MATL's Attachment Ks and the Restated PEFA. We therefore direct, in the further compliance filings discussed below, Avista to add the definition of public policy requirements adopted in the Restated PEFA to its Attachment K and Avista and MATL to revise the definition of need in their Attachment Ks to include transmission needs driven by public policy requirements, consistent with the revised definition of needs in the Restated PEFA.

128. Filing Parties identify needs, including transmission needs driven by public policy requirements, through the annual system assessment. Filing Parties propose that the draft system assessment will include consideration of potential needs "identified by any Person for increased transmission capacity" on the regional interconnected systems.<sup>215</sup> As

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<sup>212</sup> *E.g.*, Puget Sound, OATT, Attachment K, App. A, § A.59; Avista Transmittal Letter Restated PEFA at 9; Avista Restated PEFA, § 1.58.

<sup>213</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 2. Order No. 1000-A clarified that Public Policy Requirements included local laws and regulations passed by a local governmental entity, such as a municipal or county government. Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

<sup>214</sup> In their Attachment Ks, Avista and MATL state that "[o]ther terms defined...in the PEFA that is Transmission Provider's Rate Schedule FERC No. CG1 shall have the meanings set forth in...the PEFA where used in this Attachment K." The Restated PEFA includes the definition of public policy requirements and the revised definition of need.

<sup>215</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.1.

described above, the definition of need has been revised to include transmission needs driven by public policy requirements. However, Filing Parties do not include details in their Attachment Ks regarding when and how stakeholders can communicate and provide input on such needs during the system assessment process. Therefore, we direct Avista, Puget Sound, and MATL to revise their respective Attachment Ks in further compliance filings discussed below to describe how stakeholders can provide input and offer proposals regarding transmission needs they believe are driven by public policy requirements in the regional transmission planning process such that the process for doing so is transparent to all interested stakeholders.<sup>216</sup> Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

129. In addition, we have concerns about Filing Parties' proposal to allow stakeholders to propose for consideration in the annual system assessment only transmission needs for increased transmission capacity.<sup>217</sup> While Order No. 1000 does not require that public utility transmission providers identify any particular set of transmission needs driven by public policy requirements for evaluation,<sup>218</sup> limiting the transmission needs driven by public policy requirements that stakeholders may propose to needs for increased transmission capacity is inconsistent with Order No. 1000's requirement to consider in the regional transmission planning process transmission needs driven by public policy requirements, which include requirements established by local, state, or federal laws or regulations.<sup>219</sup> We thus conclude that Filing Parties' proposal does not comply with Order No. 1000's requirement that the process for identifying transmission needs driven by public policy requirements allow for stakeholders to offer proposals regarding transmission needs that they believe are driven by public policy requirements<sup>220</sup> because

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<sup>216</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

<sup>217</sup> Some stakeholder proposals could alter the transmission system in ways other than an increase in transmission capacity. For example, stakeholders could identify a potential need for additional voltage support on the regional transmission system. Stakeholders could also propose a modification to an existing or planned transmission facility in order to meet transmission needs driven by public policy requirements that may not result in an increase in transmission capacity on the regional transmission system.

<sup>218</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 210.

<sup>219</sup> *Id.* P 2. Order No. 1000-A clarified that Public Policy Requirements included local laws and regulations passed by a local governmental entity, such as a municipal or county government. Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

<sup>220</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 207, 208.

it unreasonably restricts the types of transmission needs driven by public policy requirements that stakeholders may propose to those needs for increased transmission capacity. Accordingly, we direct Avista, Puget Sound, and MATL to revise their Attachment Ks to allow stakeholders to propose in the system assessment process transmission needs driven by public policy requirements besides those transmission needs for increased transmission capacity driven by public policy requirements. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

130. Filing Parties propose that ColumbiaGrid, in coordination with the Planning Parties and interested persons, consider and select potential needs for inclusion in the system assessment based upon the following factors: (1) the level and form of support for addressing the potential need (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the potential need); (2) the feasibility of addressing the potential need; (3) the extent to which addressing the potential need would also address other potential needs; and (4) the factual basis supporting the potential need.<sup>221</sup> We find that this proposal satisfies Order No. 1000's requirement that public utility transmission providers must establish a just and reasonable and not unduly discriminatory process through which public utility transmission providers will identify, out of the larger set of needs proposed, those transmission needs driven by public policy requirements for which transmission solutions will be evaluated.<sup>222</sup>

131. On the other hand, we find that Filing Parties' proposal does not comply with Order No. 1000's requirement that each public utility transmission provider post on its website an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential transmission solutions in the regional transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation.<sup>223</sup> We determine that Filing Parties' process of posting all requests for and determinations on Order No. 1000 cost allocation does not fulfill this requirement because the posted information will address a transmission project's selection for Order No. 1000 cost allocation rather than the selection of those transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the regional transmission planning process.

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<sup>221</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, §§ 2.2, 3.1.

<sup>222</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

<sup>223</sup> *Id.*; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

132. Moreover, while Filing Parties note in response to E.ON that ColumbiaGrid will document the basis upon which a potential need (including those driven by public policy requirements) is not selected for inclusion in the system assessment,<sup>224</sup> this documentation does not provide an explanation of those transmission needs driven by public policy requirements for which ColumbiaGrid will evaluate potential transmission solutions in the regional transmission planning process, nor do Filing Parties' Attachment Ks require that this documentation be posted on ColumbiaGrid's website. Therefore, we direct Avista, Puget Sound, and MATL to revise their Attachment Ks in further compliance filings to provide for posting on the ColumbiaGrid website an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the regional transmission planning process and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation. We find that this directive addresses AWEA's concern that ColumbiaGrid is not part of the process whereby public utility transmission providers provide an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions and which will not. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

133. We will not require Filing Parties to include supporting data in their explanation of which transmission needs driven by public policy requirements will and will not be evaluated for potential solutions in the regional transmission planning process, as E.ON requests.<sup>225</sup> E.ON has not explained how Filing Parties' proposal fails to comply with Order No. 1000 in the absence of posting such supporting data. Order No. 1000 requires that public utility transmission providers post only an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the regional transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation. However, we note the Commission adopted this posting requirement in Order No. 1000 "to provide the Commission and interested parties with information as to how the identification

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<sup>224</sup> Filing Parties Answer at 28 (citing Avista, Restated PEFA, App. A, § 3.1.1; Puget Sound, Restated PEFA, App. A, § 3.1.1); *see also* Avista, OATT, Attachment K, Part IV, § 3.1.

<sup>225</sup> We note, however, that as discussed in section IV.B.1.b.iv above, the draft transmission plan, study reports, and electronic data files are made available to all Planning Parties and interested persons, subject to appropriate protection of Confidential Information and CEII.

procedures are implemented by public utility transmission providers.” Thus, Avista, Puget Sound, and MATL must ensure that the required postings on ColumbiaGrid’s website provide sufficiently detailed information such that the implementation of the transmission planning region’s procedures for identifying the transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the regional transmission planning process is transparent.

134. Filing Parties propose to evaluate potential transmission solutions to all transmission needs, including those driven by public policy requirements, through the study team process. Filing Parties state that the study team process is the primary mechanism by which alternative transmission solutions will be considered. Once the transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the regional transmission planning process are identified, Filing Parties’ proposal is to evaluate those transmission needs along with all other transmission needs it has identified as part of its existing transmission planning process. We therefore find that Filing Parties’ proposal with respect to the evaluation of potential solutions to identified transmission needs in the regional transmission planning process complies with the Order No. 1000 requirement that public utility transmission providers establish procedures in their Attachment Ks to evaluate at the regional level potential solutions to identified transmission needs driven by public policy requirements.

135. We also find that Filing Parties comply with Order No. 1000’s requirements that the procedures to evaluate at the regional level potential solutions to identified transmission needs driven by public policy requirements must include the evaluation of transmission facilities proposed by stakeholders and must provide an opportunity for stakeholders to provide input. Because any interested person may participate in a study team and any study team participant may propose a transmission project, non-transmission alternative, or conceptual solution to address a need, we determine that Filing Parties’ proposal satisfies Order No. 1000’s requirement that the procedures to evaluate at the regional level potential solutions to identified transmission needs driven by public policy requirements must include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy requirements. Moreover, we find that Filing Parties’ proposal complies with Order No. 1000’s requirement that the procedures for evaluating identified transmission needs driven by public policy requirements for solutions provide an opportunity for stakeholders to provide input during the evaluation in the regional transmission planning process of potential solutions to identified needs for the following reasons. First, any interested person may participate in a study team, the process through which potential transmission solutions are evaluated. Second, Filing Parties’ proposal includes an opportunity for stakeholders to comment on the draft regional transmission plan, which includes recommended transmission projects. Third, the ColumbiaGrid Board also provides the public an opportunity to supply information and provide written or oral



comments on the draft regional transmission plan to the Board, which it will consider in its review.

136. Regarding AWEA's concern that Filing Parties are relying too heavily on transmission providers' local transmission plans in the regional transmission planning process with respect to the consideration of transmission needs driven by public policy requirements and that local transmission projects must be rolled up into a regional transmission plan in order to ensure consideration of such needs at the regional level, Filing Parties propose to allow any person to submit a potential need to be evaluated as part of the system assessment, including transmission needs driven by public policy requirements. In addition, as part of the study team process, which is open to any interested person, study team participants may propose solutions to identified needs and the study team will evaluate these proposed solutions according to the solution evaluation factors, as well as whether there is a more efficient and cost-effective solution to meet identified needs. We find that these aspects of Filing Parties' proposal, along with the required revisions to Filing Parties' Attachment Ks, address AWEA's concerns. Further, Order No. 1000 does not require local transmission projects to be rolled up into a regional transmission plan. Order No. 1000 requires public utility transmission providers to identify transmission needs driven by public policy requirements and evaluate potential transmission solutions to meet those identified needs. Filing Parties' proposal partially complies with this requirement, subject to the further compliance filings described earlier in this section.

137. In sum, we direct Avista, Puget Sound, and MATL to submit, within 120 days of the date of issuance of this order, further compliance filings to revise their respective Attachment Ks to: (1) describe how stakeholders can provide input and offer proposals regarding transmission needs they believe are driven by public policy requirements in the regional transmission planning process such that the process for doing so is transparent to all interested stakeholders; (2) allow stakeholders to propose in the system assessment process transmission needs driven by public policy requirements besides those transmission needs for increased transmission capacity driven by public policy requirements; and (3) provide for posting of an explanation of those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the regional transmission planning process and why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with directives (1) – (3) listed above. Further, in these same compliance filings, we direct Avista to add the definition of public policy requirements adopted in the Restated PEFA to its Attachment K and Avista and MATL to revise the definition of need in their Attachment Ks to include transmission needs driven by public policy requirements, consistent with the revised definition of needs in the Restated PEFA.

ii. **Consideration of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Processes**

138. We now turn to Filing Parties' respective compliance filings with respect to consideration of transmission needs driven by public policy requirements in their respective local transmission planning processes.

(a) **Local Transmission Planning Process – Filing Parties' Compliance Filings**

139. Filing Parties propose to consider in their respective local transmission planning processes transmission needs driven by public policy requirements.<sup>226</sup>

140. Avista states that its local transmission planning process is open to all interested stakeholders and provides for stakeholders to propose for consideration local transmission needs driven by public policy requirements during the study development meeting held during the second quarter of the first year of the biennial local transmission planning process.<sup>227</sup> Moreover, Avista provides stakeholders with two opportunities to submit alternative transmission and non-transmission projects for inclusion in the local transmission plan; first, prior to finalization of the local planning report during the first year of the local transmission planning process and second, prior to the third quarter of the second year of the local transmission planning process.<sup>228</sup> During the stakeholder meeting at which Avista reviews the study results and discusses the draft transmission planning report, held during the fourth quarter of the first year of the biennial local transmission planning process, and for fifteen days following the meeting, stakeholders may provide Avista with comments on the draft local transmission planning report, including comments on alternatives to the transmission projects proposed in the report.<sup>229</sup> Avista will apply local transmission planning process planning criteria when evaluating alternatives, including the ability of an alternative to satisfy an identified transmission

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<sup>226</sup> Filing Parties use the same definition for public policy requirements, as discussed earlier in the order, in their local transmission planning processes and the regional transmission planning process.

<sup>227</sup> Avista, OATT, Attachment K, Part III, § 3.2.

<sup>228</sup> *Id.* at Part III, § 5.3.1.

<sup>229</sup> *Id.* at Part III, § 3.3.

need driven by public policy requirements.<sup>230</sup> With respect to any identified local transmission needs driven by public policy requirements, Avista will post on its OASIS website an explanation of which needs will be evaluated in its local transmission planning process and an explanation of why any identified local transmission needs driven by public policy requirements will not be evaluated in the local transmission planning process.<sup>231</sup>

141. Bonneville Power proposes to change its local transmission planning process from a biennial process to an annual process.<sup>232</sup> Bonneville Power also proposes to revise its local transmission planning process so that stakeholders may identify transmission needs driven by public policy requirements during the first planning meeting of the annual process and in writing for two weeks following the meeting.<sup>233</sup> Bonneville Power proposes to identify for further evaluation in the local transmission planning process transmission needs driven by public policy requirements based on the following factors, which include, but are not limited to: (1) the level and form of support for addressing the potential transmission need driven by public policy requirements (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the potential need); (2) the feasibility of addressing the potential transmission need driven by public policy requirements; (3) the extent to which addressing the potential transmission need driven by public policy requirements would also address other transmission providers' needs; and (4) the factual basis supporting the potential transmission need driven by public policy requirements.<sup>234</sup> Following identification of those transmission needs driven by public policy requirements that will be evaluated in the local transmission planning process, Bonneville Power will post on its OASIS website an explanation of why certain

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<sup>230</sup> *Id.* at Part III, § 4. Avista's local transmission planning process planning criteria are: (1) degree of development of alternative; (2) relative economics and effectiveness of performance; (3) current applicable state, regional, and federal planning requirements and regulations; (4) current applicable NERC/WECC planning standards; (5) such additional current applicable criteria as are then accepted or developed by transmission provider; and (6) the ability to satisfy an identified transmission need driven by public policy requirements.

<sup>231</sup> *Id.* at Part III, § 5.3.2.

<sup>232</sup> Bonneville Power Transmittal Letter at 15.

<sup>233</sup> Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 5.2.1.

<sup>234</sup> *Id.* at Part III, § 2.1.7.

identified transmission needs driven by public policy requirements were not selected for further evaluation.<sup>235</sup>

142. Bonneville Power will then conduct a system assessment that includes the transmission needs driven by public policy requirements that were identified for further evaluation.<sup>236</sup> Following the system assessment, Bonneville Power will identify and post on its OASIS website conceptual solutions to transmission needs, including those driven by public policy requirements that were identified for further evaluation.<sup>237</sup> Bonneville Power will provide stakeholders with an opportunity to comment on the system assessment and the conceptual solutions.<sup>238</sup> Bonneville Power will develop draft plans of service for selected conceptual solutions and receive comments from stakeholders on these draft plans of service.<sup>239</sup> Stakeholders may propose alternatives, including alternative solutions to transmission needs driven by public policy requirements, for consideration in the development of Bonneville Power's local transmission plan from the time of notice of availability of the system assessment results to the end of the comment period on the draft plans of service.<sup>240</sup> Bonneville Power will evaluate alternative transmission solutions based on criteria included in its Attachment K.<sup>241</sup> Bonneville Power will draft and post on its OASIS website for comment its draft local transmission plan, which will include preferred solutions to local transmission needs.<sup>242</sup> After

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<sup>235</sup> *Id.*

<sup>236</sup> *Id.* at Part III, § 2.2.1.

<sup>237</sup> *Id.* at Part III, § 2.3.1.

<sup>238</sup> *Id.* at Part III, § 2.3.2.

<sup>239</sup> *Id.* at Part III, § 2.4.

<sup>240</sup> *Id.* at Part III, § 2.5.2.

<sup>241</sup> *Id.* at Part III, § 2.5.1. The criteria include: (1) degree of development of alternative; (2) relative economics and effectiveness of performance; (3) coordination with any affected transmission systems; (4) consistency with planning standards and criteria; and (5) degree to which the alternative addresses one or more of the transmission provider's needs.

<sup>242</sup> *Id.* at Part III, § 2.5.

consideration of comments and alternatives, Bonneville Power will post its final local transmission plan on its OASIS website.<sup>243</sup>

143. As part of its local transmission planning process, MATL has established a planning advisory group open to all interested stakeholders that provides input and feedback during the development of the local transmission plan.<sup>244</sup> Planning advisory group meetings, to be held at least once every two years,<sup>245</sup> provide an opportunity for participants to propose for consideration local transmission needs driven by public policy requirements, as well as transmission projects.<sup>246</sup> With respect to any identified local transmission needs driven by public policy requirements, MATL will post on its OASIS website an explanation of which such needs will be evaluated in its local transmission planning process and why any such needs will not be evaluated in the local transmission planning process.<sup>247</sup> Stakeholders may submit alternative or proposed transmission solutions, which MATL will “review and evaluate on a comparable basis.”<sup>248</sup> Specifically, MATL will select projects based on criteria that include cost, economics, and impact on reliability.<sup>249</sup> After completing any necessary studies and analysis, MATL will provide a draft local transmission plan to the planning advisory group for review and comment.<sup>250</sup> Any member of the planning advisory group may provide comments on the draft plan and may offer alternative solutions.<sup>251</sup>

144. In developing its annual local transmission plan,<sup>252</sup> Puget Sound will hold two open public meetings a year at which stakeholders may propose local transmission needs

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<sup>243</sup> *Id.* at Part III, § 2.5.3.

<sup>244</sup> MATL, OATT, Attachment K, Part II, §§ 2.1, 2.2.

<sup>245</sup> *Id.* at Part II, § 2.3.

<sup>246</sup> *Id.* at Part II, § 2.5.

<sup>247</sup> *Id.* at Part II, § 5.6.

<sup>248</sup> *Id.* at Part II, § 3.10.

<sup>249</sup> *Id.*

<sup>250</sup> *Id.* at Part II, § 4.9.

<sup>251</sup> *Id.* at Part II, § 4.9.3.

<sup>252</sup> Puget Sound, OATT, Attachment K, Part V, § 1.

driven by public policy requirements, as well as transmission projects.<sup>253</sup> At these meetings, interested stakeholders may also offer input and advice into the local transmission planning process.<sup>254</sup> With respect to any identified local transmission needs driven by public policy requirements, Puget Sound will post on its OASIS website an explanation of which such needs will be evaluated in its local transmission planning process and an explanation of why any such needs will not be evaluated in the local transmission planning process.<sup>255</sup> Puget Sound will evaluate and select from alternative proposed solutions using factors included in its Attachment K, as appropriate.<sup>256</sup>

**(b) Local Transmission Planning Process – Protests/Comments**

145. E.ON states that certain provisions related to Filing Parties' local transmission planning processes in the Filing Parties' respective Attachment Ks should be modified to require supporting data for their decisions addressing why certain identified transmission needs were not selected for further evaluation.<sup>257</sup>

146. AWEA requests that each Filing Party's Attachment K provide clearly defined opportunities for stakeholders to propose transmission that will support public policy

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<sup>253</sup> *Id.* at Part VI, § 1.

<sup>254</sup> *Id.*

<sup>255</sup> *Id.* at Part V, § 4.

<sup>256</sup> *Id.* The factors include: (1) degree of development of proposed solution; (2) feasibility; (3) coordination with any affected transmission system; (4) economics; (5) effectiveness of performance; (6) satisfaction of identified local transmission need(s), including those driven by public policy requirements; (7) satisfaction of need(s), including the extent to which the proposed solution satisfies multiple needs; (8) consistency with applicable state, regional, and federal planning standards, requirements, and regulations; (9) consistency with NERC reliability standards; and (10) consistency with such additional criteria as are then accepted or developed by Puget Sound.

<sup>257</sup> E.ON Comments to Avista Attachment K Filing at 5 (citing Avista, OATT, Attachment K, Part III, § 5.3.2); E.ON Comments to Puget Sound Attachment K Filing at 5 (citing Puget Sound, OATT, Attachment K, Part V, § 4); E.ON, Comments, Docket No. NJ13-1-000, at 4 (filed Nov. 26, 2012) (E.ON Comments to Bonneville Power Filing) (citing Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 2.1.7).

requirements and to comment on proposed solutions at the local level before they are rolled up into the regional transmission plan.<sup>258</sup>

(c) **Local Transmission Planning Process – Answer**

147. In response to E.ON, Filing Parties state that the proposed revisions to their respective Attachment Ks are consistent with the requirements of Order No. 1000 to provide an explanation of which transmission needs driven by public policy requirements will be evaluated for potential solutions, as well as an explanation of why other suggested transmission needs will not be evaluated. Further, they argue that the revised tariffs provide for transparent, nondiscriminatory procedures and provide for explanation of why a project or need was not selected.<sup>259</sup> Filing Parties note that their revised tariff filings each include a description of information to be posted regarding evaluation of identified local transmission needs driven by public policy requirements and include a requirement to explain why any such needs would not be evaluated in the local transmission planning process.<sup>260</sup>

148. Filing Parties also state that, depending on the nature of the need or project being evaluated and the factors under which it is being evaluated, a requirement to post supporting data may be unduly burdensome and impractical. Because the evaluations performed include qualitative considerations, Filing Parties contend that a requirement to include data in the posted explanations would be overbroad and could be confusing. Further, Filing Parties argue that the content of the explanation required by Order No. 1000 will necessarily depend on the particular facts in each case.<sup>261</sup>

(d) **Local Transmission Planning Process – Commission Determination**

149. We find that each Filing Party's compliance filing partially complies with the provisions of Order No. 1000 addressing transmission needs driven by public policy

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<sup>258</sup> AWEA Comments at 12.

<sup>259</sup> Filing Parties Answer at 27-28.

<sup>260</sup> *Id.* at 28 (citing Puget Sound, OATT, Attachment K, Part V, § 4; Avista OATT, Attachment K, Part III, § 5.3.2; Bonneville Power, OATT, Attachment K, Part III, § 2.1.7).

<sup>261</sup> *Id.* at 29.

requirements in the local transmission planning process. Earlier, we found that Filing Parties' definition of public policy requirements was consistent with Order No. 1000. However, we required Avista to add the definition of public policy requirements adopted in the Restated PEFA to its Attachment K and Avista and MATL to revise the definition of need in their Attachment Ks to include transmission needs driven by public policy requirements, consistent with the revised definition of needs in the Restated PEFA. Since there is one set of definitions that applies to both the local and regional transmission planning processes in Avista's and MATL's Attachment K, the revision to the definitions ordered earlier will address both the local and regional transmission planning processes, so no further revision is required here.

150. We find that Avista, Puget Sound, and MATL satisfy Order No. 1000's requirement that each public utility transmission provider include in its Attachment K procedures to identify at the local level transmission needs driven by public policy requirements that allow stakeholders an opportunity to provide input and to offer proposals regarding the transmission needs they believe are driven by public policy requirements. Avista, Puget Sound, and MATL all provide opportunities in their respective local transmission planning processes for stakeholders to propose transmission needs driven by public policy requirements for consideration.<sup>262</sup> In addition, Bonneville Power proposes to revise its local transmission planning process so that stakeholders may propose transmission needs driven by public policy requirements.<sup>263</sup> We therefore find that Bonneville Power's compliance filing substantially conforms or is superior to this requirement in Order No. 1000.

151. However, Avista, Puget Sound, and MATL do not propose to revise their respective local transmission planning processes to include a just and reasonable and not unduly discriminatory process through which each public utility transmission provider will identify, out of the larger set of needs proposed, those needs for which transmission solutions will be evaluated in the local transmission planning process, as required by Order No. 1000.<sup>264</sup> Therefore, we direct Avista, Puget Sound, and MATL, in the further compliance filings discussed below, to revise their Attachment Ks to establish a just and reasonable and not unduly discriminatory process through which the public utility transmission provider will identify, out of the larger set of needs proposed, those needs

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<sup>262</sup> See Avista, OATT, Attachment K, Part III, § 3.2; MATL, OATT, Attachment K, Part II, § 2.5; and Puget Sound, OATT, Attachment K, Part VI, § 1.

<sup>263</sup> See Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 5.2.1.

<sup>264</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.



for which transmission solutions will be evaluated in the local transmission planning process.

152. In contrast, Bonneville Power proposes a just and reasonable and not unduly discriminatory process through which it will identify those transmission needs driven by public policy requirements for which it will evaluate transmission solutions in the local transmission planning process. Specifically, Bonneville Power proposes to determine which transmission needs driven by public policy requirements it will evaluate further in the local transmission planning process based on a list of considerations set forth in its Attachment K.<sup>265</sup> We thus find Bonneville Power's process through which it will identify, out of the larger set of needs proposed, those transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the local transmission planning process substantially conforms or is superior to this requirement in Order No. 1000.<sup>266</sup>

153. We find that the Avista, Puget Sound, and MATL compliance filings comply with Order No. 1000's requirement that each public utility transmission provider post on its website an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation.<sup>267</sup> However, while Bonneville Power proposes to post on its OASIS website an explanation of why certain identified transmission needs driven by public policy requirements were not selected for further evaluation,<sup>268</sup> it does not propose to post on its

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<sup>265</sup> Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 2.1.7. These considerations include, but are not limited to: (1) the level and form of support for addressing the potential transmission needs driven by public policy requirements (such as indications of willingness to purchase capacity and existing transmission service requests that could use capacity consistent with solutions that would address the potential need); (2) the feasibility of addressing the potential transmission need driven by public policy requirements; (3) the extent to which addressing the potential transmission need driven by public policy requirements would also address other transmission providers' needs; and (4) the factual basis supporting the potential transmission need driven by public policy requirements.

<sup>266</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

<sup>267</sup> *Id.*; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

<sup>268</sup> Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 2.1.7.

website an explanation of those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process. Therefore, Bonneville Power should submit further revisions to its Attachment K to provide for such a posting.

154. With respect to E.ON's request that Filing Parties post supporting data with their explanations of which transmission needs driven by public policy requirements will and will not be evaluated for potential solutions in their local transmission planning processes, as discussed in section IV.B.1.ii(d) above, we will not require Avista, Puget Sound or MATL to include supporting data in their respective explanations.<sup>269</sup> E.ON has not explained how Avista, Puget Sound, and MATL's proposals fail to comply with Order No. 1000 in the absence of posting such supporting data. Order No. 1000 requires that public utility transmission providers post only an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation.<sup>270</sup> However, we note the Commission adopted this posting requirement in Order No. 1000 "to provide the Commission and interested parties with information as to how the identification procedures are implemented by public utility transmission providers."<sup>271</sup> Thus, Avista, Puget Sound, and MATL must provide sufficiently detailed information in their posted explanations to ensure that implementation of their procedures for identifying the transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the local transmission planning process is transparent.

155. Moreover, Order No. 1000 requires that each public utility transmission provider, in consultation with stakeholders, establish procedures in its tariff to evaluate at the local level potential transmission solutions to identified transmission needs driven by public policy requirements that both include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy

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<sup>269</sup> We note, however, that, as discussed in section IV.B.1.b.iv above, the draft transmission plan, study reports and electronic data files are made available to all Planning Parties and interested persons, subject to appropriate protection of Confidential Information and CEII.

<sup>270</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

<sup>271</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

requirements<sup>272</sup> and allow stakeholders an opportunity to provide input during the evaluation of potential transmission solutions to identified transmission needs.<sup>273</sup> While Avista, Puget Sound, and MATL's respective Attachment Ks provide for the evaluation of alternative solutions,<sup>274</sup> Avista, Puget Sound, and MATL have not explained whether these evaluation processes will apply to potential transmission solutions to identified transmission needs driven by public policy requirements. Moreover, while Avista, Puget Sound, and MATL's existing local transmission planning processes provide opportunities for stakeholders to propose transmission facilities<sup>275</sup> and to provide input in the evaluation process,<sup>276</sup> it is not clear that these opportunities will also apply to a transmission facility proposed to address a transmission need driven by public policy requirements. Because Avista, Puget Sound, and MATL have not explained how their respective local transmission planning processes fulfill the aforementioned Order No. 1000 requirements regarding the evaluation of potential transmission solutions to identified transmission needs driven by public policy requirements, we find that they do not comply with this Order No. 1000 requirement. We direct Avista, Puget Sound, and MATL, in the further compliance filing discussed below, to establish in their respective Attachment Ks procedures to evaluate at the local level potential transmission solutions to identified transmission needs driven by public policy requirements that comply with Order No. 1000. We conclude that this directive addresses AWEA's request that each Filing Party's Attachment K provide clearly defined opportunities for stakeholders to propose transmission that will support public policy requirements and to comment on proposed solutions at the local level before they are rolled up into the regional transmission plan.

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<sup>272</sup> *Id.* P 211.

<sup>273</sup> *Id.* P 220.

<sup>274</sup> *See* Avista, OATT, Attachment K, Part III, § 4; Puget Sound, OATT, Attachment K, Part V, § 4; MATL, OATT, Attachment K, Part II, § 3.10. In addition, we note that when evaluating alternative solutions, Avista will consider the ability of an alternative to satisfy an identified transmission need driven by public policy requirements. Avista, OATT, Attachment K, Part III, § 4.

<sup>275</sup> *See id.* at Part III, § 5.3.1; Puget Sound, OATT, Attachment K, Part VI, § 1; MATL, OATT, Attachment K, Part II, §§ 2.5, 3.10, and 4.9.3.

<sup>276</sup> *See* Avista, OATT, Attachment K, Part III, § 3.3; Puget Sound, OATT, Attachment K, Part VI, § 1; MATL, OATT, Attachment K, Part II, §§ 2.1, 2.2, & 4.9.

156. Finally, we find that Bonneville Power's proposal substantially conforms or is superior to the Order No. 1000 requirement to establish procedures to evaluate at the local level potential transmission solutions to identified transmission needs driven by public policy requirements that both include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy requirements<sup>277</sup> and allow stakeholders an opportunity to provide input during the evaluation of potential transmission solutions to identified transmission needs.<sup>278</sup> We conclude that Bonneville Power's proposal substantially conforms or is superior to this Order No. 1000 requirement because Bonneville Power will conduct a system assessment that includes the transmission needs driven by public policy requirements that were identified for further evaluation and will evaluate alternative transmission solutions based on criteria included in its Attachment K.<sup>279</sup> In addition, Bonneville Power will post on its OASIS website: (1) conceptual solutions to transmission needs, including those driven by public policy requirements, that were identified for further evaluation; and (2) its draft local transmission plan, which will include preferred solutions to local transmission needs, providing stakeholders with an opportunity to comment on the system assessment, conceptual solutions to identified transmission needs, and the draft transmission plan.<sup>280</sup> Bonneville Power will also provide for stakeholder comment on the draft plans of service for selected conceptual solutions that Bonneville Power will develop.<sup>281</sup> Last, Bonneville Power's local transmission planning process provides that stakeholders may propose alternatives, including alternative solutions to transmission needs driven by public policy requirements, for consideration in the development of Bonneville Power's local transmission plan.<sup>282</sup>

157. In sum, we direct Avista, Puget Sound, and MATL to submit, within 120 days of the date of issuance of this order, further compliance filings to revise their respective Attachment Ks to include: (1) a just and reasonable and not unduly discriminatory process through which the public utility transmission provider will identify, out of the larger set of needs proposed, those needs for which transmission solutions will be

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<sup>277</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

<sup>278</sup> *Id.* P 220.

<sup>279</sup> *See* Bonneville Power, Tariffs, OATT, Attachment K, Part III, §§ 2.2.1, 2.5.1.

<sup>280</sup> *Id.* at Part III, §§ 2.3, 2.5.

<sup>281</sup> *See id.* at § 2.4.

<sup>282</sup> *See id.* at Part III, § 2.5.2.

evaluated in the local transmission planning process; and (2) procedures to evaluate at the local level potential transmission solutions to identified transmission needs driven by public policy requirements that both include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy requirements<sup>283</sup> and allow stakeholders an opportunity to provide input during the evaluation of potential transmission solutions to identified transmission needs.<sup>284</sup>

Bonneville Power should submit further revisions to its Attachment K to provide for a posting on its website of an explanation of those transmission needs driven by public policy requirements that have been identified for evaluation for potential solutions in the local transmission planning process.

## 2. Non-Incumbent Transmission Developer Reforms

158. Order No. 1000 institutes a number of reforms that seek to ensure that nonincumbent transmission developers have an opportunity to participate in the transmission development process. These reforms involve the elimination of federal rights of first refusal from Commission-jurisdictional tariffs and agreements, and the development of requirements regarding qualification criteria for transmission developers and processes for evaluating proposals for new transmission facilities.

### a. Federal Rights of First Refusal

159. Order No. 1000 requires that each public utility transmission provider eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission provider with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation.<sup>285</sup> Order No. 1000 defines a transmission facility selected in a regional transmission plan for purposes of cost allocation as a transmission facility that has been selected pursuant to a transmission planning region's Commission-approved regional transmission planning process for inclusion in a regional transmission plan for purposes of cost allocation because it is a more efficient or cost-effective solution to regional transmission needs.<sup>286</sup>

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<sup>283</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

<sup>284</sup> *Id.* P 220.

<sup>285</sup> *Id.* P 313. The phrase "a federal right of first refusal" refers only to rights of first refusal that are created by provisions in Commission-jurisdictional tariffs or agreements. Order No. 1000-A, 139 FERC ¶ 61,132 at P 415.

<sup>286</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 5, 63.

If a public utility transmission provider's tariff or other Commission-jurisdictional agreements do not contain a federal right of first refusal provision, a public utility transmission provider should state this in its compliance filing.<sup>287</sup>

160. The requirement in Order No. 1000 to eliminate a federal right of first refusal does not apply to local transmission facilities,<sup>288</sup> which are defined as transmission facilities located solely within a public utility transmission provider's retail distribution service territory or footprint that are not selected in the regional transmission plan for purposes of cost allocation.<sup>289</sup> The requirement also does not apply to the right of an incumbent transmission provider to build, own, and recover costs for upgrades to its own transmission facilities, regardless of whether an upgrade has been selected in the regional transmission plan for purposes of cost allocation.<sup>290</sup> In addition, the Commission noted that the requirement does not remove, alter or limit an incumbent transmission provider's use and control of its existing rights-of-way under state law.<sup>291</sup>

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<sup>287</sup> *Id.* P 314 n.294.

<sup>288</sup> *Id.* PP 226, 258, & 318.

<sup>289</sup> *Id.* P 63. The Commission clarified in Order No. 1000-A that a local transmission facility is one that is located within the geographical boundaries of a public utility transmission provider's retail distribution service territory, if it has one; otherwise the area is defined by the public utility transmission provider's footprint. In the case of an RTO or ISO whose footprint covers the entire region, local transmission facilities are defined by reference to the retail distribution service territories or footprints of its underlying transmission owning members. Order No. 1000-A, 139 FERC ¶ 61,132 at P 429.

<sup>290</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 226, 319; Order No. 1000-A, 139 FERC ¶ 61,132 at P 426. The Commission stated in Order No. 1000 that upgrades to transmission facilities included such things as tower change outs or reconductoring, regardless of whether or not an upgrade has been selected in the regional transmission plan for purposes of cost allocation. Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319. The Commission clarified in Order No. 1000-A that the term "upgrade" means an improvement to, addition to, or replacement of a part of, an existing transmission facility. The term does not refer to an entirely new transmission facility. Order No. 1000-A, 139 FERC ¶ 61,132 at P 426.

<sup>291</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319.

161. The Commission clarified in Order No. 1000-A that Order No. 1000 does not require elimination of a federal right of first refusal for a new transmission facility if the regional cost allocation method results in an allocation of 100 percent of the facility's costs to the public utility transmission provider in whose retail distribution service territory or footprint the facility is to be located.<sup>292</sup> The Commission also clarified in Order No. 1000-A that the phrase "selected in a regional transmission plan for purposes of cost allocation" excludes a new transmission facility if the costs of that facility are borne entirely by the public utility transmission provider in whose retail distribution service territory or footprint that new transmission facility is to be located.<sup>293</sup> However, the Commission acknowledged in Order No. 1000-A that there may be a range of examples of multi-transmission provider zones, and it would address whether a cost allocation to a multi-transmission provider zone is regional on a case-by-case basis based on the facts presented on compliance.<sup>294</sup>

**i. Filing Parties' Compliance Filings**

162. Filing Parties indicate that their respective Attachment Ks do not contain provisions granting a federal right of first refusal to construct transmission facilities selected in the ColumbiaGrid regional transmission plan for purposes of cost allocation.<sup>295</sup>

**ii. Protests/Comments**

163. No comments or protests were filed regarding this issue.

**iii. Commission Determination**

164. We find Filing Parties' respective compliance filings comply with the requirements of Order No. 1000 because Filing Parties' Attachment Ks do not contain any federal rights of first refusal with respect to transmission projects selected in the ColumbiaGrid regional transmission plan for purposes of cost allocation.

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<sup>292</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 423.

<sup>293</sup> *Id.*

<sup>294</sup> *Id.* P 424; Order No. 1000-B, 141 FERC ¶ 61,044 at P 40.

<sup>295</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 7.

**b. Qualification Criteria**

165. Order No. 1000 requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, whether that entity is an incumbent transmission provider or a nonincumbent transmission developer.<sup>296</sup> Appropriate qualification criteria must be fair and not unreasonably stringent when applied to either the incumbent transmission provider or nonincumbent transmission developer.<sup>297</sup> These criteria must not be unduly discriminatory or preferential and must provide each potential transmission developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate, and maintain transmission facilities.<sup>298</sup>

166. The qualification criteria should also allow for the possibility that an existing public utility transmission provider already satisfies the criteria.<sup>299</sup> There must be procedures in place for timely notifying transmission developers of whether they satisfy the region's qualification criteria and opportunities to remedy any deficiencies.<sup>300</sup> In addition, the qualification criteria should not be applied to an entity proposing a transmission project for consideration in the regional transmission planning process if that entity does not intend to develop the proposed transmission project.<sup>301</sup>

167. The Commission clarified in Order No. 1000-A that it would be an impermissible barrier to entry to require, as part of the qualification criteria, that a transmission developer demonstrate that it has, or can obtain, state approvals necessary to operate in a state, including state public utility status and the right to eminent domain, to be eligible to propose a transmission facility.<sup>302</sup>

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<sup>296</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 225, 323.

<sup>297</sup> *Id.* P 324.

<sup>298</sup> *Id.* P 323.

<sup>299</sup> *Id.* P 324.

<sup>300</sup> *Id.*

<sup>301</sup> *Id.* P 324 n.304; Order No. 1000-A, 139 FERC ¶ 61,132 at n.520.

<sup>302</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 441.



**i. Filing Parties' Compliance Filings**

168. Filing Parties set out their proposed qualification criteria for determining a transmission developer's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation in their revised Attachment Ks and the Restated PEFA.<sup>303</sup> They first propose that a transmission developer be a Planning Party, and thus a signatory to the Restated PEFA, at the time the developer requests cost allocation under Order No. 1000 for its proposed transmission project.<sup>304</sup> The Restated PEFA requires each Planning Party to support ColumbiaGrid in the implementation of its responsibilities under the PEFA, which includes providing data related to its electric system, conducting technical studies,<sup>305</sup> and participating actively in study teams. It also establishes payment obligations for corporate overhead, and requires each payor to pay a portion of ColumbiaGrid's annual planning costs, based on the payor's net transmission plant and annual area load.<sup>306</sup>

169. Filing Parties' Attachment Ks provide that ColumbiaGrid will review the qualifications of any transmission developer requesting Order No. 1000 cost allocation for its proposed transmission project to determine whether it is technically, financially, and otherwise capable of: (1) developing, licensing, and constructing the proposed transmission project in a timely and competent manner; and (2) owning, operating, and maintaining the proposed transmission project consistent with Good Utility Practice and applicable reliability criteria for the life of the project.<sup>307</sup> In conducting its review, ColumbiaGrid will consider the following five factors to determine a transmission developer's eligibility: (1) the current and expected capabilities of the transmission developer to finance, seek licenses, plan, design, develop, and construct the transmission project on a timely basis, consistent with the proposed schedule, and to own, reliably operate, and maintain the transmission project for the life of the project; (2) the financial resources of the transmission developer; (3) the demonstrated capability of the transmission developer to adhere to construction, maintenance, and operating practices consistent with Good Utility Practices with respect to the transmission project; (4) the

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<sup>303</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.2; Avista, Restated PEFA App. A, § 10.1.2.2.

<sup>304</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.2.

<sup>305</sup> *E.g.*, Avista, Revised PEFA, § 4.1.

<sup>306</sup> *E.g.*, *id.* §§ 8, 9.

<sup>307</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.2.

demonstrated ability of the transmission developer to assume liability for major losses from failure of, or damage to, facilities associated with the transmission project; and (5) the demonstrated cost containment capability and other advantages or disadvantages the transmission developer may have in developing and constructing the transmission project.<sup>308</sup>

170. Filing Parties propose to determine whether a transmission developer satisfies the qualification criteria only after that developer has requested that its proposed transmission project be selected in the regional transmission plan for purposes of cost allocation as an Order No. 1000 transmission project. If ColumbiaGrid finds that a transmission developer does not meet the qualification criteria, it will provide the developer written notice describing the deficiencies. The transmission developer will then have thirty days after the receipt of the notice to cure the deficiencies.<sup>309</sup>

## ii. Protests/Comments

171. E.ON claims that the provision in the Restated PEFA requiring an entity who wants to be a transmission developer and receive cost allocation for a transmission project to become a party to the Restated PEFA and meet specific qualification requirements may inhibit the development of the most cost-effective transmission for the region. E.ON recommends that a transmission developer seeking cost allocation be permitted to wait to sign the Restated PEFA until after its proposed transmission project is selected as an Order No. 1000 transmission project.<sup>310</sup>

172. Similarly, AWEA argues that the qualification criteria may unduly discriminate against some transmission developers who, due to their business models, may not have the required capabilities at the time of the transmission planning process, but would develop or contract for such capabilities if its proposed transmission project were to move to licensing and construction. In addition, AWEA argues that criteria that require a “demonstrated capability” to build and finance transmission may unduly discriminate against nonincumbent transmission developers in favor of incumbent transmission owners. AWEA argues that the requisite criteria should instead be reasonable

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<sup>308</sup> *E.g., id.*

<sup>309</sup> *E.g., id.* at Part IV, § 10.1.2.1(ii)(a).

<sup>310</sup> E.ON Comments to Avista PEFA Filing at 4; E.ON Comments to Avista Attachment K Filing at 4; E.ON Comments to Puget Sound PEFA Filing at 4; E.ON Comments to Puget Sound Attachment K Filing at 4; E.ON Comments to Bonneville Power Filing at 4.

expectations that a transmission developer can secure those capabilities by the time of project licensing.<sup>311</sup>

173. LS Power objects to two of the proposed qualification criteria for transmission developers. First, LS Power contends that the qualification criterion that suggests that the qualification review applies for the life of a proposed transmission project is a barrier to entry and should be removed.<sup>312</sup> LS Power further states that the qualification criterion requiring a prospective transmission developer to demonstrate its ability to assume liability for major losses from failure of, or damage to, facilities associated with a proposed transmission project is vague and does not clarify what the required showing would be or how the evaluation would be conducted. LS Power suggests that the Commission require Filing Parties to provide additional detail of the intent of the criterion and how the ColumbiaGrid participants currently demonstrate their own ability to assume liability from major losses resulting from the failure or damage to facilities associated with a proposed transmission project.<sup>313</sup> LS Power explains that if Filing Parties' intent is to simply require a certain level of insurance or other assurance, Filing Parties should identify that requirement as a milestone requirement after the selection of a transmission project in the regional transmission plan for purposes of cost allocation, which should also be applied to current ColumbiaGrid participants.<sup>314</sup>

174. LS Power also objects to the inclusion of the provision that the Order No. 1000 transmission developer be a Planning Party at the time Order No. 1000 cost allocation is requested for the proposed Order No. 1000 transmission project.<sup>315</sup> LS Power states that this requirement is unnecessary at the early planning stage and places an incumbent transmission owner at an unfair advantage since nonincumbent transmission developers will have to go through the process of becoming a Planning Party before they can submit a transmission project proposal into the ColumbiaGrid transmission planning process for Order No. 1000 cost allocation.<sup>316</sup> LS Power acknowledges that having a requirement for

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<sup>311</sup> AWEA Comments at 20-21.

<sup>312</sup> LS Power Protest at 12 (citing Avista, Restated PEFA, App. A, § 10.1.2.2(a) (emphasis added); Avista, OATT, Attachment K, Part IV, § 10.1.2.2).

<sup>313</sup> *Id.* at 12-13.

<sup>314</sup> *Id.* at 13.

<sup>315</sup> *Id.* (citing Avista, OATT, Attachment K, Part IV, § 10.1.2.2).

<sup>316</sup> *Id.*

a selected transmission developer to become a Planning Party within a reasonable time after the nonincumbent transmission developer's project is selected is reasonable. However, it states that the requirement as proposed is not reasonable and will create a barrier to entry for nonincumbent transmission developers.<sup>317</sup> Thus, LS Power suggests that the Commission reject or require ColumbiaGrid to modify this requirement.<sup>318</sup>

iii. Answer

175. In response to objections raised, Filing Parties state that proposed qualification criteria will be applied on a nondiscriminatory basis to all Order No. 1000 transmission developers, both incumbent and nonincumbent. Further, they argue that the qualification criteria are reasonable and modest, and significantly less stringent than the criteria that a transmission developer in search of project financing would be asked to meet by potential sources of project capital.<sup>319</sup>

176. With respect to LS Power's contention that the qualification criterion that suggests that the qualification review applies for the life of a proposed transmission project is a barrier to entry, Filing Parties state that the criterion does not require the transmission developer to have a forty-year history, as LS Power suggests, but merely requires a demonstration that the potential transmission developer has the capability to own, operate, and maintain the proposed transmission project. Filing Parties argue that Order No. 1000 is clear that there is no obligation for an incumbent public utility transmission provider in the region to operate or maintain a nonincumbent transmission developer's transmission project, and the Restated PEFA qualification criteria address that objective.<sup>320</sup>

177. Filing Parties state that LS Power's objection to considering a transmission developer's demonstrated ability to assume liability for major losses from the failure or damage to facilities for a proposed Order No. 1000 transmission project is without merit because the criterion is based on Commission precedent.<sup>321</sup>

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<sup>317</sup> *Id.*

<sup>318</sup> *Id.*

<sup>319</sup> Filing Parties Answer at 20, 22-23.

<sup>320</sup> *Id.* at 19.

<sup>321</sup> *Id.* at 20 (citing *Cal. Indep. Sys. Operator Corp.*, 133 FERC ¶ 61,224 (2010)).

178. In response to AWEA's argument that requiring a demonstrated capability to build and finance transmission may unduly discriminate against nonincumbent transmission developers and suggestion that a transmission developer should be able to establish reasonable expectations that it will be able to secure those capabilities by the time of project licensing and construction, Filing Parties state that ColumbiaGrid's proposed qualification criteria do expressly consider both a transmission developer's current and expected capabilities.<sup>322</sup>

179. Finally, noting E.ON's and LS Power's challenge to the requirement that an Order No. 1000 transmission developer become a Planning Party (and thus a party to the Restated PEFA), Filing Parties explain that there is a practical purpose for this requirement. They explain that the proposed Restated PEFA would provide structure and support for the study of a transmission project, including responsibilities and agreements on the part of the transmission project's developer, ColumbiaGrid, and other Planning Parties.<sup>323</sup> Further, they state that this requirement ensures full participation by the transmission developer in the ColumbiaGrid regional planning process, avoids issues of potential planning cost subsidy issues, and is consistent with the Commission's clarifications in Order No. 1000-A.<sup>324</sup> Filing Parties argue that, consistent with Order No. 1000's requirement to establish qualification criteria that are fair and not unreasonably stringent, neither E.ON nor LS Power have demonstrated that this requirement is unreasonably stringent.<sup>325</sup>

180. Bonneville Power also explains that under the ColumbiaGrid transmission planning process, any stakeholder with a proposed solution to a transmission need may participate in the study team considering the transmission need without signing the

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<sup>322</sup> *Id.* at 20 (citing Avista, Restated PEFA, App. A, § 10.1.2.2; Puget Sound, Restated PEFA, App. A, § 10.1.2.2).

<sup>323</sup> For instance, the proposed Restated PEFA provides the necessary structure to sponsor projects by, among other things, (1) imposing a duty to cooperate, (2) facilitating an open and transparent process, (3) establishing requirements to provide data (and to protect data) as appropriate, (4) establishing the criteria for an Order No. 1000 transmission project and for determining the qualifications to be an Order No. 1000 transmission developer, and (5) requiring entities that choose to develop proposed transmission projects in the ColumbiaGrid region to pay their fair share of ColumbiaGrid transmission planning costs. *Id.* at 21-22.

<sup>324</sup> *Id.* at 21 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at PP 276, 418).

<sup>325</sup> *Id.* at 22 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 324).

Restated PEFA.<sup>326</sup> If the study team adopts a stakeholder's proposed solution, a stakeholder that is also a Qualified Person<sup>327</sup> may then sign the Restated PEFA and request that the transmission project be selected for Order No. 1000 cost allocation up to sixty days after the final study team report is issued.<sup>328</sup>

#### iv. Commission Determination

181. We find that the qualification criteria provisions in Filing Parties' compliance filings partially comply with the requirements of Order No. 1000. As an initial matter, we find reasonable the requirement that any transmission developer who intends to sponsor a transmission project in the ColumbiaGrid transmission planning region execute the Restated PEFA before requesting Order No. 1000 cost allocation for a transmission project that it proposed. This requirement will ensure that the structure of the regional transmission planning process and the terms and conditions for studying transmission projects will apply in a not unduly discriminatory manner to new entrants and existing Planning Parties and ColumbiaGrid. Moreover, as noted by Bonneville Power, any entity, including a nonincumbent transmission developer, may still participate in the ColumbiaGrid regional transmission planning process and suggest potential solutions to identified system needs without becoming a signatory to the Restated PEFA. Only if the entity wants to request Order No. 1000 cost allocation for a transmission project would it need to become a signatory. If a transmission developer were to decide to do so, it would have up to sixty days after issuance of the final study team report that includes the transmission project that it proposed to sign the Restated PEFA, as a transmission developer may request Order No. 1000 cost allocation for a transmission project it proposed for potential selection in the regional transmission plan no later than sixty days after issuance of the final study team report that includes the project.<sup>329</sup>

182. We agree that Filing Parties may reasonably require a transmission developer to become a signatory to the Restated PEFA in order for it to request Order No. 1000 cost

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<sup>326</sup> Bonneville Power, Answer, Docket No. NJ13-1-000, at 11 (filed Dec. 17, 2012) (Bonneville Power Answer) (citing Avista, Restated PEFA, App. A, § 4.3; Bonneville Power, Tariffs, OATT, Attachment K, Part IV, § 5).

<sup>327</sup> *Id.* at 11 n.40 (stating that a Qualified Person may sign the Restated PEFA and that a Qualified Person includes nonincumbent transmission developers) (citing Avista, Restated PEFA, App. A, §§ 1.57, 17.2).

<sup>328</sup> *Id.* at 11 (citing Avista, Restated PEFA, App. A., § 10.1.1).

<sup>329</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.1.

allocation for a transmission project that it proposed for potential selection in the regional transmission plan. However, we find unreasonable Filing Parties' proposal that a nonincumbent transmission developer that signed the Restated PEFA to be eligible to request cost allocation for a transmission project it proposed is obligated to continue to fund ColumbiaGrid's operations for up to thirty months after it has given notice of its withdrawal from the Restated PEFA.

183. Signatories to the Restated PEFA incur payment obligations to ColumbiaGrid for planning costs, overhead, and other expenses.<sup>330</sup> These obligations include payments based on a formula that requires all signatories to pay \$50,000 per biennial planning cycle, plus an additional share of the ColumbiaGrid costs based on the signatory's existing transmission plant and annual load.<sup>331</sup> As proposed, if a signatory chooses to withdraw, it must continue to pay its full share of ColumbiaGrid's costs for a withdrawal period, defined as the shorter of thirty months or one complete biennial planning cycle.<sup>332</sup> Thus, a transmission developer that signed the Restated PEFA to be eligible to receive cost allocation for a transmission project it proposed must continue to pay its share of ColumbiaGrid's costs for at least twenty-four months (i.e., a complete planning cycle) after it learns that its proposed project was not selected. While the withdrawal provision is reasonable as it applies to signatories that own transmission facilities in the ColumbiaGrid transmission planning region and participate in the ColumbiaGrid regional transmission planning process, it imposes an undue burden on and barrier to nonincumbent transmission developers that become Restated PEFA signatories to qualify to seek Order No. 1000 cost allocation for transmission projects they propose for potential selection in the regional transmission plan. If a nonincumbent transmission developer's proposed transmission project is not selected in the regional transmission plan for purposes of cost allocation, the nonincumbent transmission developer that became a signatory to the Restated PEFA to receive cost allocation for the proposed transmission project should be able to withdraw from ColumbiaGrid without further payment obligation. ColumbiaGrid can collect its current costs (including the costs of analyzing proposed transmission projects) from a nonincumbent transmission developer that signs the Restated PEFA to qualify to request cost allocation for a transmission

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<sup>330</sup> *E.g.*, Avista, Restated PEFA, § 8. These obligations are based, in part, on the ratio of the payor's net transmission plant and annual load to ColumbiaGrid members' total net transmission plant and area load. *Id.*

<sup>331</sup> *E.g.*, *id.* § 8.4.

<sup>332</sup> *E.g.*, *id.* § 18.3.

project it proposes for potential selection in the regional transmission plan for purposes of cost allocation. But Filing Parties have failed to justify the proposal to continue to collect costs from such nonincumbent transmission developers for a minimum of two years after they notify ColumbiaGrid that they want to withdraw.

184. The continuing payment obligation after withdrawal from the PEFA may discourage nonincumbent transmission developers from proposing transmission solutions in the ColumbiaGrid region and thus inhibit ColumbiaGrid from identifying and evaluating more efficient or cost-effective transmission solutions to its regional transmission needs. Accordingly, we direct Avista, Puget Sound, and MATL in the further compliance filings directed below to revise the Restated PEFA so that a nonincumbent transmission developer that signed the Restated PEFA to be eligible to request cost allocation for a transmission project it proposed will incur no further payment obligations to ColumbiaGrid upon giving written notice of withdrawal from the Restated PEFA. Likewise, Bonneville Power should also revise the Restated PEFA consistent with this directive.

185. Next, we find that the other qualification criteria in Filing Parties' compliance filings partially comply with the requirements of Order No. 1000. Filing Parties have proposed five factors that ColumbiaGrid will consider when determining a transmission developer's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation, and these same criteria apply both to incumbent transmission providers and nonincumbent transmission developers.<sup>333</sup> We find that the Filing Parties' proposed criterion to consider a transmission developer's capability to adhere to construction, maintenance, and operating practices consistent with Good Utility Practices with respect to the transmission project to be fair. However, we have concerns about the other four proposed qualification factors.

186. First, we find that Filing Parties' proposal to consider transmission developers' "financial resources" too vague. The term "financial resources" does not provide sufficient detail to prospective transmission developers about what information they must provide for ColumbiaGrid to determine whether they qualify as a transmission developer. Without a more detailed qualification criterion in Filing Parties' Attachment Ks in this regard, Filing Parties cannot meet Order No. 1000's requirement that they establish not

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<sup>333</sup> Filing Parties' Attachment Ks provide for the review of the qualifications of "any Order 1000 Sponsor" by ColumbiaGrid without distinguishing between incumbents and nonincumbents. *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.2. The Restated PEFA defines "Order 1000 Sponsor" as *any* Planning Party that proposes to own or operate facilities of the Order No. 1000 project. *E.g.*, Avista, Restated PEFA, § 1.44.



unduly discriminatory qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation.<sup>334</sup>

187. Second, we agree with AWEA that ColumbiaGrid should revise its qualification criteria to reflect the reasonable expectations that a transmission developer can secure the required capabilities by the time of project licensing. Given the potential for a prospective transmission developer to rely on third-party contractors to construct, own, operate and maintain transmission facilities, it is unreasonable to require such a developer to demonstrate that it has the capability to do so without also providing an opportunity for a transmission developer to satisfy this showing through reliance on relevant third-party experience. We therefore conclude that Filing Parties' proposal is unreasonably stringent in this regard<sup>335</sup> and might act as a barrier to new entry. Accordingly, we direct Avista, Puget Sound, and MATL to revise their Attachment Ks to allow transmission developers to satisfy these criteria by relying upon the relevant experience of third-party contractors. Likewise, Bonneville Power should submit further revisions to its Attachment K, consistent with this directive.

188. In addition, we note that Filing Parties propose that ColumbiaGrid will consider a transmission developer's capability to "seek licenses" as a factor when determining whether a transmission developer is eligible to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation.<sup>336</sup> In Order No. 1000-A, we clarified that "it would be impermissible barrier to entry to require, as part of the qualification criteria, that a transmission developer demonstrate that it either has, or can obtain, state approvals necessary to operate in a state, including state public utility status or the right of eminent domain, to be eligible to propose a transmission facility."<sup>337</sup> For this reason, we direct Avista, Puget Sound, and MATL to revise their Attachment Ks to remove the reference to the current and expected capability of a transmission developer to "seek licenses" related to the proposed transmission project. Likewise, Bonneville Power should also remove this reference from its Attachment K, consistent with this directive. We note, however, that it would be appropriate for

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<sup>334</sup> See *N.Y. Indep. Sys. Operator, Inc.*, 143 FERC ¶ 61,059, at P 194 (2013) (*NYISO*) (finding deficient the ISO's proposed qualification criterion to "consider the financial resources of the entity.").

<sup>335</sup> See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 324.

<sup>336</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.2.

<sup>337</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 441.

ColumbiaGrid to consider whether a transmission developer has the capability to seek licenses as part of its process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.<sup>338</sup>

189. We disagree with LS Power that the qualification criterion that suggests that the qualification review applies for the life of a proposed transmission project is a barrier to entry. We find that it is reasonable that ColumbiaGrid, in evaluating the qualifications of a transmission developer, consider whether the developer's existing resources and commitments provide sufficient assurance that the developer will be able to own, reliably operate, and maintain the transmission project for the life of the project.

190. Third, with respect to Filing Parties' proposal to include as a qualification criterion the demonstrated cost containment capability and other advantages or disadvantages a transmission developer may have in developing or constructing its proposed transmission project, we find that this information is more appropriately considered as it applies to a specific transmission project proposal rather than as a qualification criterion that must be met in order to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation. While we conclude that a transmission developer's demonstrated cost containment capability and advantages and disadvantages in developing or constructing its proposed transmission project is valuable information that can inform the evaluation of a proposed transmission project in the regional transmission planning process, we find that it is unreasonable to require a prospective transmission developer to provide such information as part of the qualification criteria. Instead, we conclude that a requirement to provide such information is more appropriately included in the information requirements for proposing a transmission project in the regional transmission planning process for selection in the regional transmission plan for purposes of cost allocation. Therefore, we require Avista, Puget Sound, and MATL to remove a prospective transmission developer's demonstrated cost containment capability and other advantages or disadvantages the transmission developer may have in developing or constructing its proposed transmission project from the qualification criteria in their Attachment Ks. To the extent that Avista, Puget Sound, and MATL want to require a transmission developer to provide this information, they may, in the same further compliance filings, include such a requirement in their Attachment Ks as part of the information requirements for proposing a transmission project for selection in the regional transmission plan for purposes of cost allocation. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

191. Fourth, we find that it is unclear what is intended by Filing Parties' proposed qualification criterion that a transmission developer demonstrate its ability to assume

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<sup>338</sup> See, e.g., *NYISO*, 143 FERC ¶ 61,059 at P 196.

liability for major losses from failure of, or damage to, facilities associated with the transmission project. Filing Parties have failed to explain how a prospective transmission developer would demonstrate such ability. Because it is unclear, we are unable to accept Filing Parties' proposal in this regard and we therefore direct Avista, Puget Sound, and MATL to either: (1) explain why this additional provision is necessary and not unduly discriminatory when transmission developers are already required to demonstrate their financial resources; or (2) remove this qualification criterion from their Attachment Ks. Bonneville Power should also provide an explanation or remove this proposed qualification criterion from its Attachment K, consistent with this directive.

192. Finally, Filing Parties' proposal to determine whether a transmission developer satisfies the qualification criteria only after that developer has requested that its proposed transmission project be selected in the regional transmission plan for purposes of cost allocation as an Order No. 1000 transmission project does not comply with Order No. 1000. Order No. 1000 requires that each public utility transmission provider revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation.<sup>339</sup> We find it unreasonable for ColumbiaGrid to require a potential transmission developer to participate fully in the transmission planning process absent confirmation that the developer is eligible to propose its project for selection in the regional transmission plan for purposes of Order No. 1000 cost allocation. Accordingly, we direct Avista, Puget Sound, and MATL in the further compliance filings directed below to revise their Attachment Ks such that ColumbiaGrid determines whether a transmission developer is eligible to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation before the transmission developer is required to propose its project for selection in the regional plan for purposes of cost allocation in the transmission planning process. Bonneville Power should also submit this revision to its Attachment K, consistent with this directive.

193. In sum, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings that: (1) revise the Restated PEFA so that a nonincumbent transmission developer that signed the Restated PEFA to be eligible to request cost allocation for a transmission project it proposed will incur no further payment obligations to ColumbiaGrid upon giving notice of withdrawal from the Restated PEFA; (2) revise their Attachment Ks to allow a transmission developer to satisfy the qualification criteria by relying upon the relevant experience of third-party contractors; (3) revise their Attachment Ks to clarify the meaning of the term "financial

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<sup>339</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 225, 323.

resources” to provide sufficient detail to prospective transmission developers about what information they must provide for ColumbiaGrid to determine whether they qualify as a transmission developer; (4) revise their Attachment Ks to remove the reference to the capability of an entity to “seek licenses” related to a proposed transmission project; (5) revise their Attachment Ks to remove from the qualification criterion concerning a prospective transmission developer’s demonstrated cost containment capability and other advantages or disadvantages the transmission developer may have in developing or constructing its proposed transmission project; (6) either explain why their proposal to require transmission developers to demonstrate the ability to assume liability for major losses associated with transmission projects is necessary and not unduly discriminatory when transmission developers are already required to demonstrate their financial resources or to remove this qualification criterion from their Attachment Ks; and (7) revise their Attachment Ks such that ColumbiaGrid determines whether a transmission developer is eligible to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation before the transmission developer is required to propose its project for selection in the regional plan for purposes of cost allocation in the transmission planning process. Bonneville Power should also submit further explanations and revisions to its Attachment K and Restated PEFA consistent with directives (1) - (7) listed above.

**c. Information Requirements**

194. Order No. 1000 requires that each public utility transmission provider revise its OATT to identify the information that a prospective transmission developer must submit in support of a transmission project the developer proposes in the regional transmission planning process.<sup>340</sup> The public utility transmission provider must identify this information in sufficient detail to allow a proposed transmission project to be evaluated in the regional transmission planning process on a basis comparable to other transmission projects that are proposed in this process.<sup>341</sup> The information requirements must not be so cumbersome that they effectively prohibit transmission developers from proposing transmission projects, yet not be so relaxed that they allow for relatively unsupported proposals.<sup>342</sup> They may require, for example, relevant engineering studies and cost analyses and may request other reports or information from the transmission developer

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<sup>340</sup> *Id.* P 325.

<sup>341</sup> *Id.* P 326.

<sup>342</sup> *Id.* P 326.

that are needed to facilitate evaluation of the transmission project in the regional transmission planning process.<sup>343</sup>

195. Each public utility transmission provider must also revise its OATT to identify the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle.<sup>344</sup> Each transmission planning region may determine for itself what deadline is appropriate and may use rolling or flexible dates to reflect the iterative nature of their regional transmission planning process.<sup>345</sup>

**i. Filing Parties' Compliance Filings**

196. In their transmittal letters, Filing Parties explain that transmission developers must participate in the study team process and submit project data and a project development schedule to ensure that the study team has the data to evaluate the proposed transmission project.<sup>346</sup> Filing Parties' revised Attachment Ks state that the study team or ColumbiaGrid will evaluate and determine whether a transmission developer has submitted required information on a timely basis, including project data and a project development schedule, indicating the required steps, such as the granting of state, federal, and local approvals necessary to develop and construct the proposed project so as to timely meet the need(s).<sup>347</sup>

**ii. Protests/Comments**

197. No comments or protests were filed regarding this issue.

**iii. Commission Determination**

198. We find that the provisions in Filing Parties' compliance filings addressing information requirements for submitting proposals do not comply with the requirements of Order No. 1000 because Filing Parties failed to revise their Attachment Ks to identify the specific information required to be submitted by transmission developers to allow a proposed Order No. 1000 transmission project to be evaluated in the regional

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<sup>343</sup> *Id.* P 326.

<sup>344</sup> *Id.* P 325.

<sup>345</sup> *Id.* P 327.

<sup>346</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 14.

<sup>347</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.1.2.1(ii)b.

transmission planning process on a basis comparable to other transmission projects that are proposed in this process.<sup>348</sup> Their revised Attachment Ks simply refer to submission of “required information” to the study team. Filing Parties’ Attachment Ks and the Restated PEFA do not specify the information that the study teams will require in their consideration of transmission needs in the region. Moreover, Filing Parties do not identify the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle.

199. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings that revise their Attachment Ks to identify: (1) the information that a prospective transmission developer must submit in support of a transmission project the developer proposes in the regional transmission planning process in sufficient detail to allow a proposed transmission project to be evaluated in the regional transmission planning process on a basis comparable to other transmission projects that are proposed in this process; and (2) the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle. Bonneville Power should also submit further revisions to its Attachment K consistent with directives (1) and (2) listed above.

**d. Evaluation Process for Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

200. Order No. 1000 requires each public utility transmission provider to amend its OATT to describe a transparent and not unduly discriminatory process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.<sup>349</sup> Public utility transmission providers should both explain and justify the nondiscriminatory evaluation process proposed in their compliance filings.<sup>350</sup>

201. The evaluation process must ensure transparency and provide the opportunity for stakeholder coordination.<sup>351</sup> The public utility transmission providers in a transmission

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<sup>348</sup> See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 326.

<sup>349</sup> *Id.* P 328; Order No. 1000-A, 139 FERC ¶ 61,132 at P 452.

<sup>350</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 268.

<sup>351</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328; Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

planning region must use the same process to evaluate a new transmission facility proposed by a nonincumbent transmission developer as it does for a transmission facility proposed by an incumbent transmission developer.<sup>352</sup> When cost estimates are part of the selection criteria, the regional transmission planning process must scrutinize costs in the same manner whether the transmission project is sponsored by an incumbent or nonincumbent transmission developer.<sup>353</sup> The evaluation process must culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation.<sup>354</sup>

**i. Filing Parties' Compliance Filings**

202. Under Filing Parties' proposal, the following factors may be used in evaluating the ability of any proposed solutions to address a need: (1) in the case of a proposed project, sponsorship and degree of development of a proposal for such project; (2) feasibility; (3) coordination with any affected transmission system and any other affected persons; (4) economics; (5) effectiveness of performance; (6) satisfaction of need, including the extent to which the proposed solution satisfies multiple needs; and (7) consistency with applicable state, regional and federal planning requirements and regulations.<sup>355</sup>

203. Under the ColumbiaGrid transmission planning process, a proposed transmission project may qualify for and receive Order No. 1000 cost allocation if: (1) the transmission developer makes a timely request for cost allocation; (2) the transmission developer sponsoring the transmission project meets certain qualification criteria (discussed in Part IV.B.2.b above); and (3) such project is selected as an Order No. 1000 transmission project.<sup>356</sup> A transmission developer's request for Order No. 1000 cost allocation must be submitted in writing to ColumbiaGrid no later than sixty days after the issuance of a final study team report which includes the initial report to address a need. However, with respect to proposed single system projects,<sup>357</sup> the request for Order

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<sup>352</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

<sup>353</sup> *Id.* P 455.

<sup>354</sup> *Id.* P 328; Order No. 1000-A, 139 FERC ¶ 61,132 at P 267.

<sup>355</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 2.3

<sup>356</sup> *E.g.*, *id.* at Part IV, § 10.1.

<sup>357</sup> Appendix A of Avista's revised Attachment K states that a "single system project" means any modification of a single Transmission System that: (i) is for the

No. 1000 cost allocation must be made at the same time the transmission developer requests the formation of a study team for project development. All requests for Order No. 1000 cost allocation will be posted on the ColumbiaGrid website and distributed to all Planning Parties and members of the relevant study team.<sup>358</sup>

204. Filing Parties' revised Attachment Ks provide that the study team or ColumbiaGrid, as appropriate, is to evaluate and determine whether the following Order No. 1000 transmission project selection criteria are met: (1) the proposed transmission project meets an identified need; (2) the project is confirmed to be the more cost-effective and efficient solution to meet such need; (3) the project has been developed by a study team and been included in the related initial report; (4) Order No. 1000 cost allocation for such project has been timely requested by the transmission developer; (5) the transmission developer meets the transmission developer qualification criteria; and (6) the transmission developer has submitted required information on a timely basis, including project data and a development schedule.<sup>359</sup>

205. ColumbiaGrid will make a preliminary determination whether a transmission project for which Order No. 1000 cost allocation has been requested qualifies as an Order No. 1000 transmission project and will post this determination on its website for stakeholders to provide comments. This determination must be made within thirty days of the issuance of the final study team report or the receipt of a timely request of Order No. 1000 cost allocation, whichever occurs later. Stakeholders will have thirty days to provide written comments on the preliminary determination. ColumbiaGrid will consider stakeholders' written comments, modify its preliminary determination as appropriate, and present its determination to the ColumbiaGrid Board for review and comment.<sup>360</sup>

206. Filing Parties' revised Attachment Ks state that the ColumbiaGrid Board reviews the preliminary cost allocation report, including the selection of a proposed transmission project as an Order No. 1000 transmission project, as part of its process to review and adopt the regional transmission plan. The ColumbiaGrid Board review is an open and public process. If the preliminary Order No. 1000 cost allocation report is acceptable in

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purpose of meeting a Need that impacts only such single Transmission System; (ii) does not result in Material Adverse Impacts on any transmission system; and (iii) is included as a single system project in a regional transmission plan. *Id.* at App. A.

<sup>358</sup> *E.g., id.* at Part IV, § 10.1.1.

<sup>359</sup> *E.g., id.* at Part IV, § 10.1.2.1.

<sup>360</sup> *E.g., id.* at Part IV, § 10.1.2.



its entirety, the ColumbiaGrid Board will approve and finalize such report as part of its adoption of the regional transmission plan. Any report not approved by the ColumbiaGrid Board may be remanded to the staff which may, in cooperation with the study team, revise the preliminary Order No. 1000 cost allocation report and resubmit it to the ColumbiaGrid Board, provided that such modification is supported by the record.<sup>361</sup>

207. According to Filing Parties, the ColumbiaGrid Board bases its review and adoption of the regional transmission plan on the technical merits of the draft regional transmission plan, consistency of the transmission projects with the PEFA, and consideration of comments and information provided in the review process. The Board reviews each transmission project included in the draft regional transmission plan and either approves it, or remands it to staff.<sup>362</sup> ColumbiaGrid will include in the regional transmission plan: (1) a list of Order No. 1000 transmission projects; (2) an Order No. 1000 cost allocation for each Order No. 1000 transmission project; and (3) a determination as to whether each transmission project that received Order No. 1000 cost allocation in a prior transmission plan or transmission plan update continues to meet the underlying need(s) in a timely manner, and if not, whether such project should be removed from the transmission plan, resulting in the loss of its status as an Order No. 1000 transmission project.<sup>363</sup> To the extent a transmission developer(s) and its proposed transmission project do not meet the criteria, and ColumbiaGrid thus does not select the proposed transmission project as an Order No. 1000 transmission project, ColumbiaGrid will document in the draft biennial transmission plan and the biennial transmission plan an explanation of why such project was not selected as an Order No. 1000 transmission project.<sup>364</sup>

## ii. Protests/Comments

208. LS Power asserts that Order No. 1000-A requires an equal comparison between the costs of the proposed Order No. 1000 transmission projects and those transmission

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<sup>361</sup> *E.g., id.* at Part IV, § 10.5.

<sup>362</sup> *E.g., id.* at Part IV, § 11.3.

<sup>363</sup> *E.g., id.* at Part IV, § 11.1.1.B.

<sup>364</sup> *E.g., id.* at Part IV, § 10.1.2.1.

projects that are already in the ColumbiaGrid regional transmission plan.<sup>365</sup> LS Power claims that the revised transmission planning process lacks specificity regarding comparative cost data for transmission projects that are already in the regional transmission plan.<sup>366</sup> LS Power suggests the addition of the following information for purposes of comparison: (1) the transparency of those costs; (2) the just and reasonableness of the costs; (3) the returns on equity, if any, of the costs; and (4) at what point the costs stop.<sup>367</sup> LS Power contends that the evaluation process should consist of the incumbent and nonincumbent transmission developers submitting transmission project proposals with selection of a transmission project in the regional transmission plan for purposes of cost allocation based on which is the more cost-effective and efficient.<sup>368</sup>

209. LS Power states that Filing Parties' revised tariffs do not comply with Order No. 1000 because they fail to include an evaluation methodology in the transmission planning process to determine the most cost-effective and efficient solution.<sup>369</sup> LS Power also urges the Commission to require Filing Parties to amend their tariffs to include details addressing how ColumbiaGrid will select a project for inclusion in the regional transmission plan from among competing projects.<sup>370</sup>

**iii. Answer**

210. In response to comments that the compliance filings do not contain enough information regarding how a transmission project will be selected in the regional transmission plan for purposes of cost allocation, Filing Parties state that Order Nos. 1000 and 1000-A did not require the development of bright-line metrics and affirmed that transmission providers in a region may use flexible criteria. Filing Parties argue that the

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<sup>365</sup> LS Power Protest at 15 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 455, stating that “when cost estimates are part of selection, a region must scrutinize the costs in the same manner whether the transmission project is sponsored by an incumbent or [non-]incumbent transmission developer.”).

<sup>366</sup> *Id.*

<sup>367</sup> *Id.*

<sup>368</sup> *Id.*

<sup>369</sup> *Id.* at 10.

<sup>370</sup> *Id.* at 11.

transmission providers in ColumbiaGrid determined that flexible criteria were appropriate based on the circumstances and practices in the ColumbiaGrid region, and such flexible criteria will mitigate the possibility of excluding certain transmission projects from long-term transmission planning.<sup>371</sup>

#### iv. Commission Determination

211. We find that the provisions in Filing Parties' compliance filings addressing the evaluation of proposed transmission projects partially comply with the requirements of Order No. 1000. By providing opportunities for stakeholders to comment on ColumbiaGrid's preliminary draft regional transmission plan as well as its preliminary determination as to whether a transmission project for which Order No. 1000 cost allocation has been requested qualifies as an Order No. 1000 transmission project, ColumbiaGrid's proposed regional transmission planning process provides the opportunity for stakeholder coordination. Moreover, ColumbiaGrid will document in the draft biennial transmission plan and the biennial transmission plan an explanation of why a proposed transmission project for which Order No. 1000 cost allocation was requested was not selected as an Order No. 1000 transmission project such that its regional transmission planning process will culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation.

212. Filing Parties propose that the following factors may be considered when evaluating the ability of any proposed solutions to address a need: (1) in the case of a proposed project, sponsorship and degree of development of a proposal for such project; (2) feasibility; (3) coordination with any affected transmission system and any other affected persons; (4) economics; (5) effectiveness of performance; (6) satisfaction of need, including the extent to which the proposed solution satisfies multiple needs; and (7) consistency with applicable state, regional, and federal planning requirements and regulations. Because a transmission project must have been developed by a study team and been included in the related initial report to be selected in the regional transmission plan for purposes of cost allocation as an Order No. 1000 transmission project, we find that these evaluation criteria must comply with the requirements of Order No. 1000. In general, we find that the proposed evaluation criteria are transparent and not unduly discriminatory and comply with Order No. 1000's requirement to consider the "relative efficiency and cost-effectiveness of [a proposed transmission] solution."<sup>372</sup> However, Filing Parties' Attachment Ks indicate that the factors used in evaluating a proposed

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<sup>371</sup> Filing Parties Answer at 17.

<sup>372</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 331 n.307.

solution will include, as appropriate, economics. While the Commission granted public utility transmission providers flexibility in developing the procedures to evaluate those transmission solutions that may meet the region's transmission needs more efficiently or cost-effectively, we note that the cost-effectiveness of a proposed transmission solution is fundamental to such evaluation. In Order No. 1000, the Commission stated that the criteria by which the public utility transmission provider will evaluate and select among competing transmission solutions and resources should include the relative economics and effectiveness of performance for each alternative offered for consideration.<sup>373</sup>

Therefore, we require Filing Parties, in the further compliance filings discussed below, to further explain the circumstances, if any, under which the economics of a proposed transmission solution would not be a factor in its evaluation. Likewise, Bonneville Power should provide an explanation consistent with this directive.

213. Moreover, while it appears that ColumbiaGrid will use the same process to evaluate a new transmission facility proposed by a nonincumbent transmission developer as it does for a transmission facility proposed by an incumbent transmission developer, we are concerned with the lack of specificity regarding the process for determining which transmission projects will be included in the study team's initial report. For example, it is not clear from Filing Parties' Attachment Ks who will ultimately decide that a transmission facility should be included in an initial report as a result of the study team process and how such decision will be made. Such information is necessary to ensure that the process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation is transparent and not unduly discriminatory, as required by Order No. 1000. Accordingly, we direct Avista, Puget Sound, and MATL, to describe in their Attachment Ks who will ultimately decide that a transmission facility should be included in an initial report as a result of the study team process and how such decision will be made. Likewise, Bonneville Power should revise its Attachment K to do the same.

214. Filing Parties propose a second set of evaluation criteria that the study team or ColumbiaGrid, as appropriate, will apply to a transmission project for which Order No. 1000 cost allocation has been requested to determine whether it should be selected in the regional transmission plan for purposes of cost allocation as an Order No. 1000 transmission project. These proposed evaluation criteria are as follows: (1) the proposed transmission project meets an identified need; (2) the project is confirmed to be the "more cost-effective and efficient" solution to meet such need; (3) the project has been developed by a study team and been included in the related initial report; (4) Order No. 1000 cost allocation for such project has been timely requested by the transmission

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<sup>373</sup> *Id.* P 315.

developer; (5) the transmission developer meets the transmission developer qualification criteria; and (6) the transmission developer has submitted required information on a timely basis, including project data and a development schedule. We find that two of these evaluation criteria lack sufficient detail to comply with Order No. 1000's requirement that they be transparent and not unduly discriminatory. Specifically, to satisfy the requirements of Order No. 1000, Filing Parties must modify their Attachment Ks consistent with the Order No. 1000 standard of "*more efficient or cost-effective*" and we agree with LS Power that it is unclear how the study team or ColumbiaGrid will determine whether a proposed transmission project is confirmed to be the more efficient or cost-effective solution to meet an identified need. Moreover, Filing Parties have not explained what it means for a project to be "developed by a study team." Filing Parties also have not explained the circumstances under which ColumbiaGrid, as opposed to the study team, will evaluate whether a project should be selected in the regional transmission plan for purposes of cost allocation.

215. Accordingly, we require Avista, Puget Sound, and MATL to: (1) modify their Attachment Ks consistent with the Order No. 1000 standard of "*more efficient or cost-effective*"<sup>374</sup>; (2) revise their Attachment Ks to describe how the study team or ColumbiaGrid will determine whether a proposed transmission project is confirmed to be the more efficient or cost-effective solution to meet an identified need; (3) explain what it means for a project to be developed by a study team; and (4) revise their Attachment Ks to describe the circumstances under which ColumbiaGrid, as opposed to the study team, will evaluate whether a project should be selected in the regional transmission plan for purposes of cost allocation. Bonneville Power should explain what it means for a project to be developed by a study team and submit further revisions to its Attachment K consistent with directives (1), (2), and (4) listed above.

216. In sum, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings that: (1) further explain the circumstances, if any, under which the economics of a proposed transmission solution would not be a factor in its evaluation; (2) describe in their Attachment Ks who will ultimately decide that a transmission facility should be included in an initial report as a result of the study team process and how such decision will be made; (3) revise their Attachment Ks to describe how the study team or ColumbiaGrid will determine whether a proposed transmission project is confirmed to be the more efficient or cost-effective solution to meet an identified need; (4) explain what it means for a project to be developed by a study team; and (5) revise their Attachment Ks to describe the circumstances under which ColumbiaGrid, as opposed to a study team, will evaluate

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<sup>374</sup> See *supra* section IV.B.1.c.iv.

whether a project should be selected in the regional transmission plan for purposes of cost allocation. Likewise, Bonneville Power should also provide the explanations and submit revisions to its Attachment K consistent with directives (1) through (5) listed above.

217. The specific section of Order No. 1000-A that LS Power cites for its assertion that Order No. 1000-A requires an equal comparison between the costs of the proposed Order No. 1000 Projects and those projects that are already in the ColumbiaGrid regional plan requires that a regional transmission planning process that uses cost estimates as part of the selection criteria, as in ColumbiaGrid, must scrutinize costs in the same manner whether the transmission project is sponsored by an incumbent or nonincumbent transmission developer.<sup>375</sup> Despite LS Power's claim that ColumbiaGrid's revised planning process lacks specificity regarding comparative cost data, we find nothing in Filing Parties' proposal that indicates that cost data will be scrutinized differently depending on the type of transmission developer that proposed the transmission project. Therefore, we reject LS Power's proposal to require additional information as part of the process for evaluating transmission projects for selection in the regional transmission plan for purposes of cost allocation.

e. **Reevaluation Process for Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

218. Each public utility transmission provider must amend its OATT to describe the circumstances and procedures under which public utility transmission providers in the regional transmission planning process will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions, including those that the incumbent transmission provider proposes, to ensure the incumbent transmission provider can meet its reliability needs or service obligations.<sup>376</sup> If an evaluation of alternatives is needed, the regional transmission planning process must allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint, and if that solution is a transmission facility, then the proposed transmission

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<sup>375</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 455.

<sup>376</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 263, 329, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

facility should be evaluated for possible selection in the regional transmission plan for purposes of cost allocation.<sup>377</sup>

**i. Filing Parties' Compliance Filings**

219. Filing Parties' respective Attachment Ks state that ColumbiaGrid determines the status and ongoing progress of each Order No. 1000 transmission project selected in the regional transmission plan for purposes of cost allocation during its annual system assessment. This determination will be based on updated project information that is to be provided by the project developer. Also, ColumbiaGrid's annual system assessment includes an assessment of whether each Order No. 1000 transmission project selected in the regional transmission plan for purposes of cost allocation continues to be expected to meet the underlying need in a timely manner. ColumbiaGrid may remove an Order No. 1000 transmission project from its regional transmission plan if it determines that the project is no longer expected to meet the underlying need in a timely manner and upon such removal, the Order No. 1000 transmission project shall no longer be an Order No. 1000 transmission project. The revised Attachment Ks recognize that such removal may result in alternative solutions in the transmission planning process to meet any applicable need.<sup>378</sup>

**ii. Protests/Comments**

220. No comments or protests were filed regarding this issue.

**iii. Commission Determination**

221. We find that the provisions in Filing Parties' compliance filings addressing the reevaluation of proposed transmission projects do not comply with the requirements of Order No. 1000. Filing Parties propose that ColumbiaGrid will determine during the annual system assessment whether an Order No. 1000 a transmission project continues to be expected to meet the relevant regional need in a timely manner, and that assessment will be based on updated project information provided by the project developer. We note that Order No. 1000 specifically requires public utility transmission providers to reevaluate the regional transmission *plan*.<sup>379</sup> While it appears that this is the intent of

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<sup>377</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

<sup>378</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.3.

<sup>379</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329 (requiring that "each public utility transmission provider must amend its OATT to describe the circumstances and procedures under which public utility transmission providers ... will reevaluate the

(continued ...)

Filing Parties' proposal,<sup>380</sup> the proposed Attachment K revisions provide that ColumbiaGrid will reevaluate Order No. 1000 transmission *projects*. Accordingly, in the ordered compliance filings, we direct Avista, Puget Sound, and MATL to clarify in their Attachment Ks that ColumbiaGrid will undertake a reevaluation of the regional transmission *plan*, rather than only Order No. 1000 transmission *projects*. Moreover, the revisions must, consistent with the requirements of Order No. 1000: (1) allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint if an evaluation of alternatives is needed; and (2) if the proposed solution is a transmission facility, provide for the facility's evaluation for possible selection in the regional transmission plan for purposes of cost allocation.<sup>381</sup> Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

**f. Cost Allocation for Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation**

222. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that provides that a nonincumbent transmission developer has an opportunity comparable to that of an incumbent transmission developer to allocate the cost of a transmission facility through a regional cost allocation method or methods.<sup>382</sup> A nonincumbent transmission developer must have the same eligibility as an incumbent transmission developer to use a regional cost allocation method or methods for any sponsored transmission facility selected in the regional transmission plan for purposes of cost allocation.<sup>383</sup> If a transmission project is selected in a regional transmission plan for purposes of cost allocation, Order No. 1000 requires that the transmission developer of that transmission facility (whether incumbent or

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regional transmission plan to determine if delays in the development of a transmission facility selected in the regional plan for purposes of cost allocation require evaluation of alternative solutions"); *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

<sup>380</sup> For example, the reevaluation will be done during the annual system assessment, which models and studies all the transmission facilities in the region, not just specific transmission projects subject to reevaluation. *E.g.*, Avista, OATT, Attachment K, Part IV, § 3.

<sup>381</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

<sup>382</sup> *Id.* P 332.

<sup>383</sup> *Id.*



nonincumbent) must be able to rely on the relevant cost allocation method or methods within the region should it move forward with its transmission project.<sup>384</sup>

223. Order No. 1000 specifies that the regional transmission planning process could use a non-discriminatory competitive bidding process as the mechanism to ensure that all projects are eligible to be considered for selection in the regional transmission plan for purposes of cost allocation.<sup>385</sup> A region may use or retain an existing mechanism that relies on a competitive solicitation to identify preferred solutions to regional transmission needs, and such an existing process may require little or no modification to comply with the framework adopted in Order No. 1000.<sup>386</sup> The regional transmission planning process could allow the sponsor of a transmission project selected in the regional transmission plan for purposes of cost allocation to use the regional cost allocation method associated with the transmission project.<sup>387</sup> If it uses a sponsorship model, the regional transmission planning process would also need to have a fair and not unduly discriminatory mechanism to grant to an incumbent transmission provider or nonincumbent transmission developer the right to use the regional cost allocation method for unsponsored transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>388</sup>

**i. Filing Parties' Compliance Filings**

224. Filing Parties propose that the ColumbiaGrid regional transmission planning process implement a sponsorship model, where a qualified transmission developer can submit a transmission project for potential selection in the ColumbiaGrid regional transmission plan for purposes of cost allocation. A qualified nonincumbent transmission developer that submits a transmission project that is selected in the ColumbiaGrid regional transmission plan for purposes of cost allocation has the same eligibility to use the regional cost allocation that a qualified incumbent transmission developer would have. Filing Parties explain that the Restated PEFA is revised to include an "Order

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<sup>384</sup> *Id.* P 339.

<sup>385</sup> *Id.* P 336.

<sup>386</sup> *Id.* P 321.

<sup>387</sup> *Id.* P 336.

<sup>388</sup> *Id.*

No. 1000 Cost Allocation” option for any qualifying transmission project and transmission developer requesting such an allocation.<sup>389</sup>

**ii. Protests/Comments**

225. LS Power states that it understands the basic framework of the ColumbiaGrid transmission planning process as ColumbiaGrid doing the regional planning for determining which regional transmission projects are included in the regional transmission plan. According to LS Power, ColumbiaGrid proposes to assign an unsponsored transmission project or one developed by a study team directly to the ColumbiaGrid transmission providers.<sup>390</sup> LS Power objects to such assignment of regional transmission projects, designed by ColumbiaGrid, to incumbent transmission owners. LS Power contends that Order No. 1000 states that unsponsored transmission projects, i.e., those projects designed by the regional planning entity, cannot go to the incumbent transmission owner by default in regions, such as ColumbiaGrid, that have adopted a sponsorship framework.<sup>391</sup> According to LS Power, ColumbiaGrid-designed transmission projects are unsponsored transmission projects and therefore assignment of those transmission projects should be conducted through a fair and not unduly discriminatory mechanism to allow assignments to both incumbent transmission owners and nonincumbent transmission developers.<sup>392</sup> LS Power states that it would support a competitive mechanism (with a heavy focus on cost in the selection process) for such unsponsored transmission projects.<sup>393</sup>

**iii. Answer**

226. Filing Parties disagree with commenters’ assertion that ColumbiaGrid’s proposed transmission planning process discriminates against nonincumbent transmission developers. In response to LS Power’s statement that ColumbiaGrid will assign unsponsored transmission projects to ColumbiaGrid transmission providers, Filing Parties clarify that ColumbiaGrid does not assign unsponsored transmission projects to any entity—incumbent or nonincumbent. Rather, Filing Parties explain that under the

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<sup>389</sup> Avista Transmittal Letter Restated PEFA at 6.

<sup>390</sup> LS Power Protest at 14.

<sup>391</sup> *Id.*

<sup>392</sup> *Id.*

<sup>393</sup> *Id.*

ColumbiaGrid process, a study team is required to develop a plan of service to address needs by evaluating, among other things, sponsored proposed projects and unsponsored conceptual solutions. Further, they note that the proposed transmission planning process is open to any interested person; thus, any entity that wants to develop a proposed Order No.1000 transmission project may do so if it satisfies the Order No. 1000 transmission developer qualification criteria.<sup>394</sup>

#### iv. Commission Determination

227. We find that the provisions in Filing Parties' filings addressing cost allocation for nonincumbent transmission facilities partially comply with the requirements of Order No. 1000. Filing Parties have proposed a sponsorship model, which would permit a qualified transmission developer, whether an incumbent or a nonincumbent, to submit a transmission facility, and if that transmission facility is selected in the ColumbiaGrid regional transmission plan for purposes of cost allocation, then the transmission developer is eligible to use the regional cost allocation method. However, we agree with LS Power that Filing Parties' proposal lacks a fair and not unduly discriminatory mechanism to grant to an incumbent transmission provider or nonincumbent transmission developer the right to use the regional cost allocation method for unsponsored transmission facilities selected in the regional transmission plan for purposes of cost allocation, as required by Order No. 1000.<sup>395</sup> Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, a further compliance filing that revises their Attachment Ks to establish a fair and not unduly discriminatory mechanism that ColumbiaGrid will use to grant a transmission developer the right to use the regional cost allocation method for unsponsored transmission facilities. Likewise, Bonneville Power should revise its Attachment K consistent with this directive.

### 3. Cost Allocation

228. Order No. 1000 requires each public utility transmission provider to have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>396</sup> Each public utility transmission provider must show on compliance that its regional cost allocation method or methods are just and reasonable and not unduly discriminatory or preferential

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<sup>394</sup> Filing Parties Answer at 23.

<sup>395</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 336.

<sup>396</sup> *Id.* P 558.

by demonstrating that each method satisfies six regional cost allocation principles described in Order No. 1000.<sup>397</sup> The Commission took a principles-based approach because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.<sup>398</sup> In addition, Order No. 1000 permits participant funding, but not as a regional or interregional cost allocation method.<sup>399</sup>

229. If a public utility transmission provider is in an RTO or ISO, Order No. 1000 requires that the regional cost allocation method or methods be set forth in the RTO or ISO OATT. In a non-RTO/ISO transmission planning region, each public utility transmission provider located within the region must set forth in its OATT the same language regarding the cost allocation method or methods that is used in its transmission planning region.<sup>400</sup> Each public utility transmission provider must have a regional cost allocation method for any transmission facility selected in a regional transmission plan for purposes of cost allocation.<sup>401</sup>

230. Regional Cost Allocation Principle 1 specifies that the cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. Cost allocation methods must clearly and definitively specify the benefits and the class of beneficiaries.<sup>402</sup> In determining the beneficiaries of transmission facilities, a regional transmission planning process may consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate, provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.<sup>403</sup> Regional Cost Allocation

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<sup>397</sup> *Id.* P 603.

<sup>398</sup> *Id.* P 604.

<sup>399</sup> *Id.* P 723.

<sup>400</sup> *Id.* P 558.

<sup>401</sup> *Id.* P 690.

<sup>402</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 678.

<sup>403</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 622.

Principle 1 precludes an allocation where the benefits received are trivial in relation to the costs to be borne.<sup>404</sup>

231. Order No. 1000 does not prescribe a particular definition of “benefits” or “beneficiaries.”<sup>405</sup> The Commission stated in Order No. 1000-A that while Order No. 1000 does not define benefits and beneficiaries, it does require the public utility transmission providers in each transmission planning region to be definite about benefits and beneficiaries for purposes of their cost allocation methods.<sup>406</sup> In addition, for a cost allocation method or methods to be accepted by the Commission as Order No. 1000-compliant, they will have to specify clearly and definitively the benefits and the class of beneficiaries.<sup>407</sup> A benefit used by public utility transmission providers in a regional cost allocation method or methods must be an identifiable benefit, and the transmission facility cost allocated must be roughly commensurate with that benefit.<sup>408</sup> Each regional transmission planning process must provide entities who will receive regional or interregional cost allocation an understanding of the identified benefits on which the cost allocation is based.<sup>409</sup> The public utility transmission providers in a transmission planning region may propose a cost allocation method that considers the benefits and costs of a group of new transmission facilities, although there is no requirement to do so.<sup>410</sup>

232. The regional transmission plan must include a clear cost allocation method or methods that identify beneficiaries for each of the transmission facilities selected in a regional transmission plan for purposes of cost allocation.<sup>411</sup> Order No. 1000-A stated that public utility transmission providers in each transmission planning region, in consultation with their stakeholders, may consider proposals to allocate costs directly to

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<sup>404</sup> *Id.* P 639.

<sup>405</sup> *Id.* P 624.

<sup>406</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 679.

<sup>407</sup> *Id.* P 678.

<sup>408</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 625.

<sup>409</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 746.

<sup>410</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 627, 641.

<sup>411</sup> *Id.* P 11; Order No. 1000-A, 139 FERC ¶ 61,132 at P 585.

generators as beneficiaries that could be subject to regional or interregional cost allocation, but any such allocation must not be inconsistent with the generator interconnection process under Order No. 2003.<sup>412</sup>

233. Regional Cost Allocation Principle 2 specifies that those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.<sup>413</sup> All cost allocation methods must provide for allocation of the entire prudently incurred cost of a transmission project to prevent stranded costs.<sup>414</sup> To the extent that public utility transmission providers propose a cost allocation method or methods that consider the benefits and costs of a group of new transmission facilities and adequately support their proposal, Regional Cost Allocation Principle 2 would not require a showing that every individual transmission facility in the group of transmission facilities provides benefits to every beneficiary allocated a share of costs of that group of transmission facilities.<sup>415</sup>

234. The Commission clarified in Order No. 1000-A that public utility transmission providers may rely on scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities in the regional transmission plan for purposes of cost allocation. Regional Cost Allocation Principle 2 would be satisfied if a project or group of projects is shown to have benefits in one or more of the transmission planning scenarios identified by public utility transmission providers in their Commission-approved Order No. 1000-compliant cost allocation methods.<sup>416</sup> The Commission clarified in Order No. 1000-B that it did not intend to remove the “likely future scenarios” concept from transmission planning and that likely future scenarios can be an important factor in public utility transmission providers’ consideration of transmission projects and in the identification of beneficiaries consistent with the cost causation principle.<sup>417</sup>

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<sup>412</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 680.

<sup>413</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 637.

<sup>414</sup> *Id.* P 640.

<sup>415</sup> *Id.* P 641.

<sup>416</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 690.

<sup>417</sup> Order No. 1000-B, 141 FERC ¶ 61,044 at P 72.

235. Regional Cost Allocation Principle 3 specifies that if a benefit to cost threshold is used to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, the threshold must not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. Public utility transmission providers may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies, and the Commission approves, a higher ratio.<sup>418</sup>

236. Regional Cost Allocation Principle 4 specifies that the allocation method for the cost of a transmission facility selected in a regional transmission plan for purposes of cost allocation must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. However, the transmission planning process in the original region must identify consequences for other transmission planning regions, such as upgrades that may be required in another region and, if the original region agrees to bear costs associated with such upgrades, then the original region's cost allocation method or methods must include provisions for allocating the costs of the upgrades among the beneficiaries in the original region.<sup>419</sup>

237. Regional Cost Allocation Principle 5 specifies that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.<sup>420</sup>

238. Regional Cost Allocation Principle 6 specifies that a transmission planning region may choose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements.<sup>421</sup> If the public utility transmission providers choose to have a different cost allocation method for each type of transmission facility, there can be only one cost allocation method for each

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<sup>418</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 646.

<sup>419</sup> *Id.* P 657.

<sup>420</sup> *Id.* P 668.

<sup>421</sup> *Id.* P 685.

type.<sup>422</sup> In addition, if public utility transmission providers choose to propose a different cost allocation method or methods for different types of transmission facilities, each method would have to be determined in advance for each type of facility.<sup>423</sup> A regional cost allocation method for one type of regional transmission facility or for all regional transmission facilities may include voting requirements for identified beneficiaries to vote on proposed transmission facilities.<sup>424</sup> However, the public utility transmission providers in a region may not designate a type of transmission facility that has no regional cost allocation method applied to it.<sup>425</sup>

**a. Filing Parties' Proposed Cost Allocation Method**

239. Under Filing Parties' proposal, ColumbiaGrid will apply the proposed Order No. 1000 regional cost allocation method to an Order No. 1000 transmission project<sup>426</sup> after the transmission developer requests Order No. 1000 cost allocation and the project has been "selected" as an Order No. 1000 transmission project.<sup>427</sup> Filing Parties assert that their proposed Order No. 1000 cost allocation method, which identifies the beneficiaries of an Order No. 1000 transmission project besides the transmission developer and assesses the benefits that they receive based on the costs of displaced or deferred transmission facilities and the value that a beneficiary is projected to realize on its transmission system due to the Order No. 1000 transmission project, meets the six regional cost allocation principles of Order No. 1000 and seeks to address the "free rider" problem identified by the Commission.<sup>428</sup> Filing Parties propose language in the

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<sup>422</sup> *Id.* P 686; *see also id.* P 560.

<sup>423</sup> *Id.* P 560.

<sup>424</sup> *Id.* P 689.

<sup>425</sup> *Id.* P 690.

<sup>426</sup> Filing Parties refer to a transmission facility that has been selected pursuant to the transmission planning region's transmission planning process for inclusion in the regional plan for purposes of cost allocation as an Order No. 1000 transmission project.

<sup>427</sup> The selection criteria are discussed in section IV.B.2.d of this order. Information requirements and transmission developer qualification requirements are addressed in section IV.B.2.c and section IV.B.2.b, respectively.

<sup>428</sup> Avista Transmittal Letter Restated PEFA at 18.



Restated PEFA and in Bonneville Power's Attachment K providing that cost allocation determinations will not be binding.

240. In this section, we first review the proposed non-binding cost allocation provisions, which we find to be inconsistent with Order No. 1000 and Cost Allocation Principle 1. We then review the balance of Filing Parties' proposed regional cost allocation method against the six cost allocation principles. We find that Filing Parties' proposal partially complies with the requirements of Order No. 1000. Third, we review Filing Parties' proposal to retain the existing voluntary cost allocation framework in addition to its Order No. 1000 regional cost allocation method. Finally, we review Filing Parties' proposal for two opportunities for transmission developers seeking Order No. 1000 cost allocation to negotiate a voluntary cost allocation with affected entities. As discussed below, while we find the proposed first opportunity for negotiation to be reasonable, we reject the proposed second opportunity for such negotiation.

**b. Binding Cost Allocation under the ColumbiaGrid Process**

**i. Filing Parties' Compliance Filings**

241. Avista, Puget Sound, and MATL state that in developing the Restated PEFA, ColumbiaGrid and the Planning Parties agreed to clarify that the regional transmission planning and cost allocation revisions are only intended to meet the requirements of Order No. 1000, and not to impose additional obligations with regard to construction or cost recovery issues. Accordingly, at the request of non-public utility Planning Parties, section 2.1 of the Restated PEFA has been revised to clarify that nothing in the agreement, nor any cost allocation thereunder: (1) obligates any Planning Party to construct any transmission facility, regardless of whether such transmission facility is included in the regional transmission plan; or (2) requires any Planning Party or any person to pay, or entitles recovery of, any cost of any transmission facility from any Planning Party.<sup>429</sup> Specifically, section 2.1 of the Restated PEFA states:

Nothing in this Agreement nor any cost allocation under this Agreement shall obligate any Planning Party to commit to construct, any transmission facilities, regardless of whether such transmission facilities are included in any Plan. Nothing in this Agreement nor any cost allocation under this Agreement will...(ii) obligate any Person to purchase or pay for, or obligate any Person to commit to purchase or pay for, any transmission service or usage, (iii) *obligate any Person to*

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<sup>429</sup> *Id.* at 24.

*implement or effectuate, or commit to implement or effectuate, any cost allocation, (iv) obligate any Person to pay, or commit to pay, costs of any Project or Proposed Project in accordance with any cost allocation, or (v) entitle any Person to recover for any transmission service or usage or to recover from any Planning Party any cost of any facilities, regardless of whether such transmission facilities are included in any Plan—...nothing in this Agreement with respect to an Order No. 1000 cost allocation shall preclude [Bonneville Power] or any other Party from carrying out any of its statutory authorities or complying with any of its statutory obligations. (emphasis added).*

242. Bonneville Power states that it has revised the cost allocation section of its regional transmission planning process under part IV, section 2 of its Attachment K to incorporate section 2.1 of the Restated PEFA.<sup>430</sup> Bonneville Power explains that this provision establishes that the ColumbiaGrid regional transmission planning and cost allocation process creates no obligation for Planning Parties to pay any costs they are allocated, and does not prevent Bonneville Power from carrying out any of its statutory authorities or complying with any of its statutory obligations. Bonneville Power asserts that the proposed language is consistent with the Commission's determination that Order No. 1000's transmission planning reforms concern transmission planning, not cost recovery, and that the Commission does not intend for the reforms to interfere with Bonneville Power's existing regulatory requirements.<sup>431</sup>

243. In addition, Bonneville Power has revised its local transmission planning process under part III, section 8.1 of its Attachment K to preserve its right to decide whether to accept costs allocated pursuant to the ColumbiaGrid transmission planning process. Specifically, part III, section 8.1 of its revised Attachment K addressing its local transmission planning process states:

Bonneville Power shall consider for inclusion in the BPA plan, Projects, including cost allocations for such Projects adopted in the ColumbiaGrid planning process. Any costs of

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<sup>430</sup> See Bonneville Power, Tariffs, OATT, Attachment K, Part IV, § 2.

<sup>431</sup> Bonneville Power Transmittal Letter at 8 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 563, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at PP 186-194).

such Projects that are allocated to [Bonneville Power] by ColumbiaGrid... will be effectively allocated only if, and to the extent that, [Bonneville Power]: (1) includes such Project(s) in the BPA Plan, (ii) proposes to accept all or part of such costs subject to such Congressional budget, National Environmental Policy Act, and other review process as [Bonneville Power] determines necessary or appropriate, and (iii) issues a decision to accept all or part of such cost allocation. Costs accepted by [Bonneville Power] will be included in rates adopted in rate proceedings under section 7(i) of the Northwest Power Act, 16 U.S.C. § 839E(i).<sup>432</sup>

244. Bonneville Power states that these provisions address the potential conflict between its statutory responsibilities and Order No. 1000 cost allocation, allowing it to participate in the ColumbiaGrid regional transmission planning and cost allocation process while also carrying out its decision-making process. Bonneville Power explains that, as a federal agency, it may neither act inconsistently with applicable statutes nor delegate statutory responsibilities committed to it, including transmission investment decisions and decisions about whether to take transmission service over the facilities of others.<sup>433</sup> Bonneville Power states that the non-delegation requirement, as well as other statutes,<sup>434</sup> requires it to retain the authority to review and accept a ColumbiaGrid cost allocation and not to delegate such decisions to a regional transmission planning process. Additionally, Bonneville Power notes that its determination whether to accept ColumbiaGrid cost allocation is reviewable by the U.S. Court of Appeals for the Ninth

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<sup>432</sup> Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 8.1.

<sup>433</sup> Bonneville Power Transmittal Letter at 8-9 (citing *U.S. Telecom Ass'n v. F.C.C.*, 359 F.3d 554, 565 (D.C. Cir. 2004) (*U.S. Telecom*) (stating that the non-delegation doctrine requires Bonneville Power to review third party decisions that Bonneville Power's statutes commit to the Administrator).

<sup>434</sup> Bonneville Power cites to provisions of the Columbia River Transmission System Act (Transmission System Act), which: (1) grant the Administrator discretion regarding improvements to the Bonneville Power transmission system, and (2) authorize the Administrator to make expenditures from the Bonneville Power fund for improvements to the Bonneville Power transmission system, subject to inclusion in a Congressional review of Bonneville Power's budget. *Id.* at 10-11 (citing 16 U.S.C §§ 838(b), 838i(b) (2011)).

Circuit to determine whether it will maintain the “lowest possible rates to consumers consistent with sound business principles.”<sup>435</sup>

245. Bonneville Power states that part III, section 8.1 of its revised Attachment K lists some of the statutory procedural requirements that it will need to complete in determining whether to accept a cost allocation, including: (1) compliance with the requirement to submit a budget to Congress;<sup>436</sup> (2) compliance with the National Environmental Policy Act (NEPA);<sup>437</sup> and (3) issuance of a proposal before determining whether to accept a cost allocation.

246. Bonneville Power claims that incorporating an option for it to terminate enrollment in the ColumbiaGrid process, as offered in Order No. 1000-A,<sup>438</sup> does not sufficiently address the non-delegation requirement because it would require Bonneville Power to review each ColumbiaGrid regional transmission plan that included a cost allocation to consider whether to remain a party to the Restated PEFA. Bonneville Power states that because its transmission system is about 75 percent of the transmission system in the Pacific Northwest, such uncertainty would inhibit effective and non-discriminatory regional transmission planning. Therefore, Bonneville Power states that proposed Attachment K, part III, section 8.1 is necessary to achieve the Commission’s objectives by allowing it to remain a consistent participant in the ColumbiaGrid transmission planning process.<sup>439</sup>

247. Bonneville Power states that both part III, section 8.1 and part IV, section 2 of its revised Attachment K substantially conform or are superior to the *pro forma* tariff. Bonneville Power submits that it may be unable to participate in the ColumbiaGrid

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<sup>435</sup> *Id.* at 12 (citing *Pac. Nw. Generating Coop. v. Bonneville Power Admin.*, 596 F.3d 1065, 1081 (9th Cir. 2010)).

<sup>436</sup> *Id.* at 9-11 (citing 16 U.S.C. § 838i (c) (2011)) (stating that Bonneville Power would risk violating this requirement if it was subject to mandatory acceptance of a ColumbiaGrid cost allocation before Congressional review of a budget that included such costs).

<sup>437</sup> 40 C.F.R. § 1506.1(a) (2011).

<sup>438</sup> Bonneville Power Transmittal Letter at 9 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 622).

<sup>439</sup> *Id.* (citing *U.S. Telecom*, 359 F.3d at 565; *Fund for Animals v. Kempthorne*, 538 F.3d 124, 133 (2d Cir. 2008)).

regional transmission planning and cost allocation process or any other process pursuant to Order No. 1000. Bonneville Power states that if it is unable to participate in such a process, the Order No. 1000 regional transmission planning and cost allocation will not apply to 75 percent of the Northwest transmission system and rate base, which may frustrate the Commission's policy in the region.<sup>440</sup>

ii. **Protests/Comments**

(a) **Filing Parties' Restated PEFA, section 2.1**

248. Washington Commission and Northwest Governmental Utilities support ColumbiaGrid's Order No. 1000 regional cost allocation method, including proposed section 2.1 of the Restated PEFA. Washington Commission states that the proposed method accommodates the region's unique characteristics, arguing that such accommodation is necessary to prevent unnecessary delay and uncertainty in needed transmission development.<sup>441</sup> Northwest Governmental Utilities state that section 2.1 of the Restated PEFA was specifically included to facilitate participation by non-public utilities in the ColumbiaGrid regional transmission planning process while preserving their non-jurisdictional status.<sup>442</sup> Northwest Governmental Utilities state that this provision ensures that their participation in the ColumbiaGrid transmission planning process does not mean that their governing boards have ceded authority to the Commission to decide the transmission projects in which they will participate, or the costs they will bear.<sup>443</sup>

249. Other commenters argue that the Commission should reject section 2.1 of the Restated PEFA because it grants transmission owners a right to avoid paying costs for transmission projects selected and constructed as part of the regional transmission planning process.<sup>444</sup> LS Power asserts that section 2.1 allows entities to opt-out of the Order No. 1000 regional cost allocation method and, therefore, is tantamount to allowing

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<sup>440</sup> Bonneville Power Transmittal Letter at 14.

<sup>441</sup> Washington Commission Comments at 4-5.

<sup>442</sup> Northwest Governmental Utilities, Comments, Docket Nos. ER13-93-000, ER13-94-000, ER13-98-000, ER13-99-000, and NJ13-1-000, at 3 (filed Nov. 26, 2012).

<sup>443</sup> *Id.* at 6.

<sup>444</sup> *See, e.g.*, LS Power Protest at 7-8.

them to opt-out of Order No. 1000 compliance.<sup>445</sup> Western Independent Transmission Group argues that the proposed provision would effectively “gut” Order No. 1000’s reforms and could result in other significant adverse impacts, such as beneficiaries of a transmission project not electing to pay for costs associated with that project.<sup>446</sup> E.ON states that, unless the Restated PEFA is modified to require the public utility participants to construct and accept responsibility for cost allocations that result from the ColumbiaGrid study process, their filings do not meet the requirements of Order No. 1000.<sup>447</sup> Similarly, Western Independent Transmission Group requests clarification from the ColumbiaGrid public utilities that the beneficiaries of transmission projects selected in the regional transmission plan for purposes of cost allocation are not allowed to elect not to pay the associated costs.<sup>448</sup>

250. Western Independent Transmission Group and LS Power also argue that non-binding cost allocation would act as a disincentive for participation by independent transmission developers, given the risk of non-recovery of costs associated with transmission projects selected as the more efficient or cost-effective transmission solutions in the regional transmission plan.<sup>449</sup>

(b) **Bonneville Power’s Revised Attachment K Filing**

251. Several commenters argue that Bonneville Power’s Attachment K, as revised to include proposed part III, section 8.1 and part IV, section 2, does not substantially conform with, and is not superior to, the *pro forma* tariff.<sup>450</sup> These commenters argue

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<sup>445</sup> *Id.* at 9.

<sup>446</sup> Western Independent Transmission Group, Comments, Docket Nos. NJ13-1-000, ER13-93-000, ER13-94-000, ER13-98-000, and ER13-99-000, at 6 (filed Nov. 26, 2012) (Western Independent Transmission Group Comments).

<sup>447</sup> E.ON Comments to Avista PEFA Filing at 4; E.ON Comments to Avista Attachment K Filing at 4; E.ON Comments to Puget Sound PEFA Filing at 4; E.ON Comments to Puget Sound Attachment K Filing at 4.

<sup>448</sup> Western Independent Transmission Group Comments at 5-6.

<sup>449</sup> LS Power Protest at 9.

<sup>450</sup> Northwest Power Producers, Protest, Docket No. NJ13-1-000, at 18 (filed Nov. 26, 2012) (Northwest Power Producers Protest); Pacific Northwest Renewables, Protest, Docket No. NJ13-1-000, ER13-187-000, and ER13-187-001, at 10 (filed

(continued . . .)

that claims by Bonneville Power that certain statutory obligations limit its ability to participate in the ColumbiaGrid process or to commit to accept costs allocated by ColumbiaGrid are unsupported.

252. Pacific Northwest Renewables assert that Bonneville Power fails to demonstrate how its proposed Attachment K deviations from the *pro forma* tariff meet the reciprocity requirements and instead merely conveys that Bonneville Power will not participate in the Commission's Order No. 1000 reforms unless its participation is voluntary.<sup>451</sup> Pacific Northwest Renewables also assert that Bonneville Power's refusal to adopt the reforms is a choice, not a statutory mandate.<sup>452</sup>

253. Northwest Power Producers state that Bonneville Power's proposal to review and approve ColumbiaGrid's regional transmission planning and cost allocation decisions, as well as the cost allocated to Bonneville Power by ColumbiaGrid, is not necessary to ensure that Bonneville Power remains in compliance with its statutory obligations. For example, they note that Bonneville Power fails to demonstrate that its statutory obligations under NEPA justify its stated need to conduct a subsequent and separate review and approval process for ColumbiaGrid decisions.<sup>453</sup> Northwest Power Producers also argue that Bonneville Power incorrectly relies on the non-delegation doctrine to argue that it is prevented from fully participating in ColumbiaGrid unless it separately reviews and approves ColumbiaGrid's cost allocation decisions.<sup>454</sup> According to Northwest Power Producers, Bonneville Power's full participation in ColumbiaGrid, without a subsequent and separate review, is consistent with Bonneville Power's contracting authority and statutory directive to operate in a business-like manner, similar

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Nov. 26, 2012) (Pacific Northwest Renewables Protest); E.ON Comments to Bonneville Power Filing at 3.

<sup>451</sup> Pacific Northwest Renewables Protest at 10.

<sup>452</sup> *Id.* at 11-12, (citing *Alcoa, Inc. v. Bonneville Power Admin.*, 2012 U.S. App. LEXIS, at \*32 (9th Cir. Oct. 16, 2012)) (stating that the court found that Bonneville Power has discretion to determine how to further its business interests consistent with its statutory mission, and so long as the agency's action was adequately supported in the administrative record, the court would not second guess its policy judgments).

<sup>453</sup> Northwest Power Producers Protest at 17-18.

<sup>454</sup> *Id.* at 5-6.

to other utilities that have made a business decision to agree to the terms of the PEFA and the ColumbiaGrid process.<sup>455</sup>

254. Northwest Power Producers further argue that Bonneville Power's statutory obligations under the Transmission System Act do not limit its full participation in ColumbiaGrid.<sup>456</sup> Northwest Power Producers note that sections 11 and 4 of the Transmission System Act grant Bonneville Power's Administrator discretion regarding improvements to the transmission system.<sup>457</sup> E.ON concurs, arguing that this statutory authority provides the Administrator with legal authority to decide to construct new transmission.<sup>458</sup>

255. E.ON also states that, while it understands the need to receive Congressional sign-off on Bonneville Power's budget, such a need should not lead to a categorical non-commitment to pay for new regional transmission. Rather, E.ON suggests that Bonneville Power's commitment for participation in ColumbiaGrid should be revised to state that: (1) Bonneville Power shall construct transmission and pay for transmission resulting from the ColumbiaGrid study process, subject to budget authorization from Congress; and (2) Bonneville Power commits to support inclusion in its budget such transmission construction and cost allocations that result from the ColumbiaGrid study process.<sup>459</sup> Otherwise, E.ON asserts, it is unclear how the Commission's reciprocity standard is satisfied.<sup>460</sup>

256. Pacific Northwest Renewables state that Bonneville Power has already raised the argument that mandatory participation in cost allocation should not be a condition of

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<sup>455</sup> *Id.* at 9 (citing 16 U.S.C. § 832 a(f) and also *Ass'n of Pub. Agency Customers, Inc. v. Bonneville Power Admin.*, 126 F.3d 1158, 1170 (9th Cir. 1997) to explain that 16 U.S.C. § 832 a(f) "was enacted to allow BPA to function more like a business than a governmental regulatory agency.").

<sup>456</sup> *Id.* at 11.

<sup>457</sup> *Id.* at 11-13, 15 (citing *Portland Gen. Elec. Co. v. Bonneville Power Admin.*, 501 F. 3d 1009, 1032 (9th Cir. 2007)).

<sup>458</sup> E.ON Comments to Bonneville Power Filing at 3.

<sup>459</sup> *Id.*

<sup>460</sup> *Id.*



reciprocity because it conflicts with its statutory obligations.<sup>461</sup> Pacific Northwest Renewables state that the Commission found that a non-public utility seeking reciprocity status must agree to participate in the regional cost allocation method.<sup>462</sup> According to Pacific Northwest Renewables, the Commission noted that Order No. 1000 provides the choice to non-utility transmission providers whether or not to enroll in a regional transmission planning process, a voice in determining the regional cost allocation method, an ability to challenge any individual cost allocation by filing a FPA section 206 complaint with the Commission, and an ability to withdraw from the regional transmission planning process.<sup>463</sup> Pacific Northwest Renewables argue that Bonneville Power's proposed language allowing voluntary acceptance of any cost allocation directly contradicts these determinations.<sup>464</sup> Finally, in response to Bonneville Power's argument that the option to terminate enrollment is insufficient to address its statutory issues because such an option would require review of each annual regional transmission plan update to consider whether Bonneville Power should remain a Planning Party to the PEFA, Pacific Northwest Renewables state that as the owner of 75 percent of the transmission in the region, it seems reasonable to expect that Bonneville Power will have significant input into, and is already intending to review, the annual regional transmission plan updates that include cost allocation.<sup>465</sup>

**iii. Answers**

**(a) Filing Parties' Restated PEFA, section 2.1**

257. Filing Parties argue that section 2.1 of the Restated PEFA, which generally states that a cost allocation developed through the regional transmission planning process does not create an obligation to construct or pay, is consistent with Order No. 1000. Filing Parties assert that while Order No. 1000 requires jurisdictional transmission providers to have in their tariff regional transmission planning provisions and a method for allocating costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation, it does not require that any cost allocation pursuant to such method

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<sup>461</sup> Pacific Northwest Renewables Protest at 5-6, 10.

<sup>462</sup> *Id.* at 6-7, 10 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 559, 629).

<sup>463</sup> *Id.* at 7-8 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 622).

<sup>464</sup> *Id.* at 9.

<sup>465</sup> *Id.* at 11.

create a binding obligation for entities allocated costs to pay such costs.<sup>466</sup> Filing Parties assert that Order No. 1000 also does not include a requirement that any facilities be built, nor does it include a right to recover costs allocated in the regional transmission planning process.<sup>467</sup> They state that protesters incorrectly read Order No. 1000 as mandating both a cost allocation method and a cost recovery mechanism. They argue that cost recovery is a matter distinct from cost allocation,<sup>468</sup> and while jurisdictional transmission providers may include cost recovery provisions in their compliance filings, Order No. 1000 does not require them to do so.<sup>469</sup> Further, Filing Parties contend that cost allocation determinations made under the Order No. 1000 reforms serve as a strong starting point to negotiate for cost recovery, and in doing so, will “increase the likelihood that transmission facilities selected in regional transmission plans for purposes of cost allocation are actually constructed, rather than later encountering cost allocation disputes that prevent their construction.”<sup>470</sup>

258. Similarly, Northwest Governmental Utilities disagree with the characterization of section 2.1 as an opt-out provision. Instead, they argue that section 2.1 clarifies that the cost allocation in the regional transmission plan is planning information and should not be construed as a directive to proceed with project construction or as an authorization to invoice for the cost of any transmission project studied in the regional transmission plan. Northwest Governmental Utilities state that it is overreaching to require each signatory to the Restated PEFA to agree, in advance and without further review or process, to build transmission projects that are identified as optimal in the regional transmission planning process and to pay whatever costs it is allocated; to do so would turn the ColumbiaGrid

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<sup>466</sup> Filing Parties argue that “in an RTO, the binding nature of cost allocation is a result of existing transmission owner agreements in those RTO regions. There is no such agreement in the ColumbiaGrid region.” Filing Parties Answer at 5 n.15.

<sup>467</sup> *Id.* at 5-6 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 66, 482, 563); *see also id.* at 7 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 66, 563, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at PP 616-617).

<sup>468</sup> *Id.* at 6 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 563). Filing Parties state that the Commission’s statement that it is not addressing cost recovery appears to address both: (1) transmission providers collecting payments from the beneficiaries to which costs were allocated; and (2) the recovery in rates of the costs allocated to beneficiaries.

<sup>469</sup> *Id.* (citing Order No. 1000-A, 139 FERC ¶ 61,132 at PP 616-617).

<sup>470</sup> *Id.* at 7-8 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 562).

planning process into a binding arbitration, whereby ColumbiaGrid would determine what transmission projects are built and who pays their costs.<sup>471</sup>

259. Northwest Governmental Utilities argue that if the Commission determines that signatories to the Restated PEFA must pay those costs allocated through the ColumbiaGrid regional transmission planning process, then none of the Northwest Governmental Utilities would be permitted to execute the agreement consistent with Washington state law. They state that the Washington State Constitution prevents them from agreeing in advance to pay for ColumbiaGrid transmission projects.<sup>472</sup> Northwest Governmental Utilities state that they would, however, be willing to pay the costs of future transmission projects on a project-specific basis, with adequate supporting information to justify affirmative votes by their governing boards. They also maintain that they would prefer to remain as full participants in ColumbiaGrid, noting that they have achieved notable success, along with the jurisdictional public utilities and Bonneville Power, in resolving regional transmission bottlenecks. They state that to the extent that the Commission believes that their withdrawal from the PEFA is the only way to resolve the controversy over section 2.1 of the Restated PEFA, then they would seek an explanation from the Commission for this belief.<sup>473</sup>

260. E.ON asserts that that nothing in its comments supports the assertion that entities such as Northwest Governmental Utilities should be obligated to pay for new regional transmission facilities, including transmission facilities from which they receive no benefit. E.ON states that the fact that Northwest Governmental Utilities are signatories to the Restated PEFA does not lead to costs automatically being allocated to them. E.ON states that if Northwest Governmental Utilities do not benefit from new regional transmission, Order No. 1000 precludes such allocation of costs.<sup>474</sup>

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<sup>471</sup> Northwest Governmental Utilities, Answer, Docket Nos. ER13-93-000, ER13-94-000, ER13-98-000, ER13-99-000, and NJ13-1-000, at 3-4 (filed Dec. 12, 2012) (Northwest Governmental Utilities Answer).

<sup>472</sup> *Id.* at 5-8 (citing WASH. CONST. art. VIII, § 7). Northwest Governmental Utilities explain that the Washington State Constitution prohibits local governmental corporations generally from making any gifts of public funds. They assert that payment of allocated costs is a “gift” because their participation in ColumbiaGrid is voluntary and they have no legal obligation to pay such costs.

<sup>473</sup> *Id.* at 8-9.

<sup>474</sup> E.ON, Answer, Docket Nos. ER13-93-000, ER13-94-000, ER13-98-000, ER13-99-000, and NJ13-1-000, at 1-4 (filed Dec. 26, 2012).

261. AWEA contends that Filing Parties have not demonstrated how their proposed non-binding cost allocation method addresses Order No. 1000's requirements or goals of eliminating free riders, enhancing certainty for transmission developers, and increasing the likelihood that identified transmission will be built. AWEA states that, under Filing Parties' proposal, the regional transmission planning process would allow all participants to identify needed regional transmission, be identified as beneficiaries, and be allocated costs based on the benefits. However, if a transmission owner that was found to be a beneficiary of a selected transmission project is allowed to opt-out, either needed regional transmission solutions would languish or costs would be passed on to transmission owners that did not opt-out, increasing their costs beyond the benefits received. By allowing a beneficiary of a transmission project to elect to not cover the costs associated with that project, AWEA states that this proposal does not comply with Order No. 1000's requirement that costs be allocated commensurate with benefits and perpetuates the potential for free ridership. It maintains that the voluntary nature of cost allocation increases the risk and reduces the likelihood that needed regional transmission facilities will get built.<sup>475</sup> AWEA further argues that Filing Parties misinterpret the Commission's unwillingness to address cost recovery in Order No. 1000 as not requiring a binding cost allocation method. AWEA states that the decision of how such costs should be recovered from ratepayers is an issue for each transmission provider and their state regulators.<sup>476</sup>

(b) **Bonneville Power's Revised Attachment K**

262. Bonneville Power states that the Commission left open the possibility that its statutory needs could be accommodated by statements made in Order No. 1000-A, including that:

With respect to Bonneville Power's concerns regarding its perceived conflict between its statutory authorities and Order No. 1000's cost allocation requirements, we believe any such conflict is best addressed in the first instance through participation in the development of the regional transmission planning process and cost allocation method that its

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<sup>475</sup> AWEA, Answer, Docket Nos. NJ13-1-000, ER13-93-000, and ER13-94-000, at 2-3, 5-6 (filed Feb. 13, 2013) (AWEA Answer).

<sup>476</sup> *Id.* at 2-4.

neighboring public utilities will rely on to comply with Order No. 1000.<sup>477</sup>

Bonneville Power explains that the issue of its independent determination whether it will pay costs allocated to it under an Order No. 1000 cost allocation was addressed with the existing PEFA Planning Parties, including ColumbiaGrid, and because it was important to retain the participation of Bonneville Power and other non-public utilities in the regional transmission planning process, the parties agreed to add section 2.1 to the Restated PEFA.<sup>478</sup> Bonneville Power further notes that the Commission stated that it will be flexible in reviewing Order No. 1000 compliance filings to accommodate “the needs and characteristics of particular regions.”<sup>479</sup>

263. Bonneville Power notes that the Commission has accepted filings that allow non-public utilities to follow their legal requirements to enable their participation in regional transmission organizations.<sup>480</sup> Bonneville Power asserts that because the Commission wants to include non-public utilities in regional transmission planning and cost allocation, the Commission should reach the same result with respect to Bonneville Power’s revised Attachment K.<sup>481</sup>

264. In response to commenters’ arguments that Bonneville Power may agree to be bound by a ColumbiaGrid cost allocation under its statutes, Bonneville Power asserts that these arguments erroneously assume that the Commission may determine whether Bonneville Power has the authority to agree to be bound by a ColumbiaGrid cost

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<sup>477</sup> Bonneville Power Answer at 6-7 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 279).

<sup>478</sup> *Id.* at 6.

<sup>479</sup> *Id.* at 7 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 108, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at PP 266, 277).

<sup>480</sup> *Id.* (citing *Southwest Power Pool*, 125 FERC ¶ 61,239 (2008) (*SPP*) (“We continue to believe that the successful development of regional transmission organizations must include public power, and we believe that the Nebraska Entities’ participation will enhance the reliability and economic benefits of SPP.”); *Southwest Power Pool*, 127 FERC ¶ 61,078 (2009) (*SPP*); *Southwest Power Pool*, 131 FERC ¶ 61,072 (2010) (*SPP*); *TRANSLink Transmission Co., L.L.C.*, 101 FERC ¶ 61,140 (2002) (*TRANSLink*)).

<sup>481</sup> *Id.*

allocation. Bonneville Power asserts that the Commission has no such authority, and may not make such a determination under FPA section 206.<sup>482</sup>

265. Further, Bonneville Power argues that it may not appropriately delegate its transmission investment decisions to the ColumbiaGrid regional transmission planning process.<sup>483</sup> Bonneville Power argues that its Administrator must weigh the numerous demands placed on its limited capital and revenues and the impacts on its ratepayers, and that choosing among potentially conflicting funding needs is the exclusive domain of its Administrator.<sup>484</sup>

#### iv. Commission Determination

##### (a) Filing Parties' Restated PEFA, section 2.1

266. We find that compliance filings submitted by Avista, Puget Sound, and MATL partially comply with the cost allocation requirements of Order No. 1000. Generally, Avista, Puget Sound, and MATL meet the Order No. 1000 requirement that each public utility transmission provider have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>485</sup> However, to fully comply with the cost allocation requirements of Order No. 1000, cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation must be binding upon identified beneficiaries. As currently drafted, section 2.1 of the Restated PEFA does not obligate a public utility transmission provider to implement a cost allocation or to pay any costs of new transmission facilities selected in the ColumbiaGrid regional transmission plan for purposes of cost allocation allocated in accordance with the regional cost allocation method. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings.

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<sup>482</sup> *Id.* at 8 (citing *Bonneville Power Admin., v. FERC*, 422 F. 3d 908, 924 (9<sup>th</sup> Cir. 2005); *U.S. Dep't of Energy – Bonneville Power Admin.*, 114 FERC ¶ 61,237, at P 2 (2006) (“BPA is not a public utility within the Commission's jurisdiction under sections 205 and 206 of the Federal Power Act.”)).

<sup>483</sup> Bonneville Power offers this statement without waiving the argument that the Commission does not have the authority to determine that Bonneville Power may agree to be bound by a ColumbiaGrid cost allocation. *Id.* at 9.

<sup>484</sup> *Id.* at 10.

<sup>485</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558.

267. We agree with protesters that Order No. 1000 established a requirement that cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation be binding upon identified beneficiaries.<sup>486</sup> A regional cost allocation method that is not binding on identified beneficiaries does not comply with Regional Cost Allocation Principle 1, which requires costs to be allocated in a manner that is roughly commensurate with estimated benefits. A fundamental driver of Order No. 1000 was the need to reform transmission planning to minimize the problem of free ridership<sup>487</sup> and “increase the likelihood that transmission facilities in the transmission plan will move forward to construction.”<sup>488</sup> A cost allocation determination that is not binding on identified beneficiaries is directly inconsistent with these goals of Order No. 1000. Order No. 1000 expressly rejected the notion that an entity may opt out of a Commission-approved cost allocation for a specific transmission project if it merely asserts that it receives no benefits from the transmission project, stating that such an opportunity to opt out would not minimize the regional free rider problem.<sup>489</sup> Order No. 1000 stated that “[w]hether an entity is identified as a beneficiary that must be allocated costs of a new transmission facility is not determined by the entity itself but rather through the applicable, Commission-approved transmission planning processes and cost allocation methods.”<sup>490</sup> A non-binding cost allocation method does not provide the required certainty about who is obligated to pay for transmission facilities selected in the regional transmission plan for purposes of cost allocation and, as a result, would be a disincentive for nonincumbent transmission developers to propose more efficient or cost-effective solutions.

268. Filing Parties argue that the binding nature of cost allocation exists in RTO/ISO regions only, due to the existence of transmission owner agreements in those regions.

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<sup>486</sup> In Order No. 1000-A, the Commission found that “[t]he obligation under the FPA to pay costs allocated under a regional or interregional cost allocation method is imposed by a Commission-approved tariff concerning the charges made by a public utility transmission provider for the use of the public utility transmission provider’s facility.” Order No. 1000-A, 139 FERC ¶ 61,132 at P 568. *See also Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206, at PP 307-09 (2013) (*PSC of Colo.*) (finding that non-binding cost allocation provisions were inconsistent with Order No. 1000).

<sup>487</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 640.

<sup>488</sup> *Id.* P 42.

<sup>489</sup> *Id.* P 640.

<sup>490</sup> *Id.*

We disagree. Order No. 1000 does not draw a distinction between RTO/ISO and non-RTO/ISO regions with respect to the cost allocation requirements. The Commission is clear that each public utility transmission provider in both RTO/ISO and non-RTO/ISO transmission planning regions must set forth the cost allocation method used in its transmission planning region in either the RTO/ISO tariff or its individual tariff.<sup>491</sup> Filing Parties correctly note that RTO/ISO tariffs and agreements typically place an obligation to build on participating transmission owners. However, the binding nature of cost allocation under Order No. 1000 is not tied to the existence of an obligation to build, as Filing Parties argue. As the Commission explained in Order No. 1000, “[t]here are many benefits and obligations associated with membership in an RTO or ISO and an obligation to build at the direction of the RTO or ISO is only one aspect of the agreement.”<sup>492</sup> The lack of an obligation to build outside of an RTO/ISO region does not translate, as Filing Parties suggest, into an excusal from Order No. 1000’s cost allocation requirements. Indeed, Order No. 1000 does not require that any particular transmission facility selected in a regional transmission plan for purposes of cost allocation be built.<sup>493</sup> Rather, by implementing the transmission planning and cost allocation requirements of Order No. 1000 the Commission sought “to increase the *likelihood* that transmission facilities in regional transmission plans are actually constructed.”<sup>494</sup>

269. Filing Parties also argue that the Commission’s decision in Order No. 1000 not to require the development of cost recovery mechanisms indicates that cost allocation need not be binding, and that protesters incorrectly read Order No. 1000 as mandating both a cost allocation method and cost recovery mechanism. The Commission explained in Order No. 1000-A that cost allocation and cost recovery are distinct issues, declining to adopt generic requirements as to how costs can be recovered for transmission projects that are selected in the regional transmission plan for purposes of cost allocation. However, the Commission made clear that, while it did not address cost recovery in the rulemaking proceeding, “cost recovery may be considered as part of a region’s stakeholder process in developing a cost allocation method or methods to comply with Order No. 1000” and that, “to the extent that cost recovery provisions are considered in connection with a cost allocation method or methods for a regional or interregional transmission facility, public utility transmission providers may include cost recovery

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<sup>491</sup> *Id.* P 558.

<sup>492</sup> *Id.* P 261.

<sup>493</sup> *Id.* PP 66, 159.

<sup>494</sup> *Id.* P 501 (emphasis added).



provisions in their compliance filings.”<sup>495</sup> Filing Parties have chosen not to address the issue of cost recovery in their filing, which the Commission understands to mean that cost recovery of any allocated costs will be addressed through existing tariff mechanisms or new, yet-to-be developed tariffs or agreements. It does not, however, alter the binding nature of the cost allocation requirements of Order No. 1000.

270. We dismiss Northwest Governmental Utilities’ argument that it is overreaching to require signatories of the Restated PEFA to agree, in advance, to build transmission projects selected in the regional transmission planning process and to pay the costs they are allocated in accordance with the regional cost allocation method. First, as noted above, Order No. 1000 does not require that a facility in a regional transmission plan or selected in a regional transmission plan for purposes of cost allocation be built; there is no obligation to build under Order No. 1000.<sup>496</sup> Second, we point out that the regional cost allocation method must ensure that those that receive no benefit from the transmission facilities may not involuntarily be allocated costs of such facilities. Accordingly, no participant in the ColumbiaGrid’s transmission planning process, including a signatory to the Restated PEFA, should be assigned costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation unless it receives benefits from that project.<sup>497</sup> Finally, we note that the Commission has already considered and rejected arguments in Order No. 1000 against the requirement for an *ex ante* cost allocation method for transmission projects selected in the regional transmission plan for purposes of cost allocation.<sup>498</sup> We also acknowledge Northwest Governmental Utilities’ stated restriction by the Washington State Constitution on agreeing in advance to pay any costs allocated pursuant to the regional cost allocation method. It is the choice of a non-public utility transmission provider to decide whether to enroll in a regional transmission planning process and thus responsible for costs associated with benefits if it is determined by the transmission planning process to be a beneficiary of certain transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>499</sup> Further, as we have noted previously, to accommodate the participation by non-public utility transmission providers, the relevant tariffs or agreements governing the

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<sup>495</sup> Order No. 1000-A, FERC Stats. & Regs. ¶ 31,132 at PP 616.

<sup>496</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 66, 159.

<sup>497</sup> *Id.* P 637.

<sup>498</sup> *See id.* PP 554-555, 558, 560.

<sup>499</sup> *Id.* P 629; Order No. 1000-A, 139 FERC ¶ 61,132 at P 622.

regional transmission planning process could establish accelerated withdrawal for non-public utility transmission providers that are unable to accept the allocation of costs.<sup>500</sup>

271. In sum, we find that Avista, Puget Sound, and MATL's proposed non-binding cost allocation provisions, as found in section 2.1 of the Restated PEFA, do not comply with Order No. 1000. We direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings that revise their respective Restated PEFA filings and Attachment Ks to provide that Filing Parties' regional cost allocation method is binding on identified beneficiaries.

(b) **Bonneville Power's Revised Attachment K Filing**

272. We find that Bonneville Power's Attachment K, as revised to include proposed part III, section 8.1 and part IV, section 2, does not substantially conform with, and is not superior to, the *pro forma* tariff, as it has been revised by Order No. 1000. As proposed by Bonneville Power, part III, section 8.1 and part IV, section 2 permit Bonneville Power to decide whether to accept or reject costs allocated to it by ColumbiaGrid of new transmission facilities selected in the ColumbiaGrid's regional transmission plan for purposes of cost allocation.<sup>501</sup>

273. While the Commission noted that it would follow a flexible approach to accommodate the needs and characteristics of particular regions and encouraged non-public utility transmission providers, including Bonneville Power, to raise their specific concerns during the development of their region's transmission planning process and cost allocation method, these statements did not indicate that transmission providers within a region could agree to contravene the requirements of Order No. 1000. The Commission was clear that each public utility transmission provider is required to have in place a method for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation, despite requests from commenters for

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<sup>500</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 622 n.734.

<sup>501</sup> As a preliminary matter, we do not determine whether Bonneville Power has the authority under the relevant statutes to have in place in its tariff a method for allocating the costs of new transmission facilities selected in the ColumbiaGrid's regional transmission plan for purposes of cost allocation. While some commenters dispute that there is a conflict between Bonneville Power's statutory authorities and Order No. 1000's cost allocation requirements, we rely on Bonneville Power's representation that it does face such a conflict.

voluntary cost allocation of transmission facilities.<sup>502</sup> However, the Commission clarified that non-public utility transmission providers have the option of whether or not to enroll in a regional transmission planning process, a voice in determining the regional cost allocation method, an ability to challenge any individual cost allocation by filing a FPA section 206 complaint with the Commission, and an ability to withdraw from the regional transmission planning process if that non-public utility transmission provider was unable to accept the allocation of costs pursuant to a regional cost allocation method.<sup>503</sup> Thus, in addition to explaining how non-public utility transmission providers could make the choice to join a transmission planning region in the first instance, the Commission also highlighted the flexibility provided to develop rules allowing for the withdrawal of an enrolled non-public utility transmission provider from the regional transmission planning process should it be unable to accept the allocation of costs.

274. Bonneville Power relies on certain Commission orders to support its assertion that the Commission has historically accepted tariff provisions to enable non-public utilities to follow their legal requirements and participate in regional transmission entities.<sup>504</sup> While it is true that, in these orders, the Commission acknowledged the benefit of public power participation in regional transmission organizations and accepted reasonable and necessary accommodations to permit their participation, such as ensuring that these entities remained in compliance with relevant tax laws, these accommodations are not equivalent to Bonneville Power's proposal for non-binding cost allocation here. Order No. 1000 requires that cost allocation determinations under the regional cost allocation method be binding, and that non-public utility transmission providers that made the

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<sup>502</sup> See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 555, 558-559.

<sup>503</sup> Order No. 1000-A, 139 FERC ¶ 61,132 at P 622.

<sup>504</sup> Specifically, these orders accepted: (1) revisions to Southwest Power Pool's (SPP) bylaws, tariff, and membership agreement to acknowledge certain members' non-jurisdictional status, accommodate their obligations under state and municipal law, and prevent changes to their tax-exempt status; (2) extension of an agreement governing the relationship between SPP and a federal power marketing administration, which permitted SPP to use the federal power marketing administration's transmission facilities and administer its tariff while ensuring that it complied with federal law; and (3) a proposal to form an independent transmission company designed to share responsibility with the Midwest ISO for RTO functions in the region, which accommodated the special needs of public power entities created by state requirements and federal tax laws. See *SPP*, 125 FERC ¶ 61,239; *SPP*, 127 FERC ¶ 61,078; *SPP*, 131 FERC ¶ 61,072; *TRANSLink*, 101 FERC ¶ 61,140.

choice to join a transmission planning region would be responsible for costs associated with benefits if they are determined by the transmission planning process to be beneficiaries of certain transmission facilities selected in the regional plan for purposes of cost allocation.<sup>505</sup> Accordingly, we find that a transmission provider enrolled in a transmission planning region, regardless of whether it is a public utility or a non-public utility, must be subject to the region's cost allocation method and thus subject to determinations made under that method. Enrolled transmission providers cannot avoid cost allocation determinations for the reasons discussed above. While the Restated PEFA could be modified to include, for example, project approval or withdrawal provisions reflecting Bonneville Power's unique needs and limitations, a proposal to make cost allocation determinations non-binding would significantly undermine Order No. 1000's cost allocation requirements.

275. We are not persuaded by Bonneville Power's claim that withdrawal would not be an acceptable alternative to non-binding cost allocation because it would require it to review each regional transmission plan that includes a cost allocation to consider whether to remain a party to the Restated PEFA. It is reasonable to expect Bonneville Power, as owner of a significant majority of the transmission facilities in the region and an active current participant in ColumbiaGrid, to already be aware of, and likely to be expecting to review, the annual ColumbiaGrid regional transmission plans and cost allocation decisions. Thus, we are not convinced that such review would pose a barrier to using the withdrawal option described in Order No. 1000-A.

276. In sum, Bonneville Power's Attachment K, as revised to include proposed part III, section 8.1 and part IV, section 2, does not substantially conform with, and is not superior to, the *pro forma* tariff, as it has been modified by Order No. 1000. Bonneville Power should submit further revisions to its Attachment K to provide that Filing Parties' regional cost allocation method is binding on identified beneficiaries.

**c. Cost Allocation Principles**

**i. Filing Parties' Compliance Filings**

277. According to Filing Parties, the Order No. 1000 cost allocation process is designed to be predictable and transparent with a number of opportunities for participants to provide input to ColumbiaGrid. In applying the Order No. 1000 regional cost allocation method to an Order No. 1000 transmission project, Filing Parties state that ColumbiaGrid first estimates the costs of the project based on the information provided by the

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<sup>505</sup> See PP 266-271, *supra*; see also Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 629; Order No. 1000-A, 139 FERC ¶ 61,132 at PP 568, 622.

transmission developer, study team and ColumbiaGrid staff. ColumbiaGrid may also seek the input of others to develop cost projections, including third-party experts.<sup>506</sup>

278. Filing Parties propose that ColumbiaGrid will identify the beneficiaries of an Order No. 1000 transmission project and estimate the benefits that each identified beneficiary is projected to receive.<sup>507</sup> A beneficiary is defined in the Restated PEFA as a Planning Party that is identified in an Order No. 1000 cost allocation report as receiving benefits from an Order No. 1000 transmission project.<sup>508</sup> With respect to the identification of benefits, Filing Parties propose that the analytical tools used to identify benefits include, as appropriate: (1) power flow and stability studies to project the extent, if any, to which any beneficiary would avoid costs due to elimination or deferral of planned local transmission facility additions, as well as changes in transfer capability; and (2) production cost studies to project the estimated usage of any such changes in transfer capability.<sup>509</sup>

279. Specifically, Filing Parties propose that the benefits of an Order No. 1000 transmission project for a beneficiary other than the transmission developer shall be equal to the sum of: (1) the costs that the beneficiary is projected to avoid over the planning horizon<sup>510</sup> due to the elimination or deferral of planned additions of transmission facilities as a direct result of the Order No. 1000 transmission project; and (2) if and to the extent not reflected in the aforementioned avoided costs, the value that the beneficiary is projected to realize on its transmission system over the planning horizon due to the Order No. 1000 transmission project. This value is defined as the lesser of: (1) the costs that such beneficiary would have otherwise incurred over the planning horizon to achieve an increase in capacity on its transmission system equivalent to that resulting from the Order No. 1000 transmission project, excluding the avoided costs accounted for above; or (2) the projected changes in revenues based on cost-based transmission rates over the planning horizon to such beneficiary directly resulting from the Order No. 1000

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<sup>506</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.1.

<sup>507</sup> *E.g.*, *id.* at Part IV, § 10.3.2.

<sup>508</sup> Avista, Restated PEFA, § 1.36.

<sup>509</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.1.

<sup>510</sup> The planning horizon is defined in the Restated PEFA as the period for which the system assessment for a biennial regional transmission plan is made, which shall be the longer of (1) ten years or (2) the planning period required by the Commission in its *pro forma* OATT. Avista, Restated PEFA, § 1.55.

transmission project or its elimination or deferral of planned transmission facilities. The Restated PEFA provides that such changes in revenue shall be based on the changes of usage of the beneficiary's transmission system projected using an economic analysis that includes, as appropriate, production cost, power flow, and stability analyses and evaluation of transmission queues and that is repeatable over a wide range of reasonable assumptions.<sup>511</sup>

280. Filing Parties provide further detail as to how such benefits will be calculated. First, Filing Parties propose that the avoided costs of deferred transmission facilities will be calculated as the borrowing costs (i.e., interest costs) projected to be avoided during the planning horizon due to the deferral of the capital investment of such deferred facilities, plus the incremental operations and maintenance costs of such deferred facilities projected to be avoided during the planning horizon. Second, Filing Parties propose that the avoided costs of eliminated transmission facilities will be calculated as the portion of the projected avoided depreciation expense (determined using straight-line depreciation of the capital costs of such eliminated facilities over their depreciable lives) of such eliminated facilities that falls within the planning horizon, plus the projected incremental operations and maintenance costs of such eliminated facilities avoided during the planning horizon. Finally, Filing Parties propose that the costs that a beneficiary would have otherwise incurred over the planning horizon to achieve an increase in capacity on its transmission system equivalent to that resulting from the Order No. 1000 transmission project will be calculated as the sum of: (1) the portion of the projected depreciation expense of the transmission facilities that would have been necessary to achieve such increase (determined using straight-line depreciation of the capital costs over the facilities' depreciable lives) within the planning horizon; and (2) the projected incremental operation and maintenance costs of such facilities during the planning horizon.<sup>512</sup>

281. In contrast, Filing Parties propose that the transmission developer of an Order No. 1000 transmission project will be considered to receive benefits equal to the projected capital costs of the project.<sup>513</sup>

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<sup>511</sup> Avista, Restated PEFA, § 1.37.

<sup>512</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.2. Filing Parties also propose that any increase in capacity of a beneficiary's transmission system resulting from an Order No. 1000 transmission project will be deemed under the PEFA to be owned by the beneficiary unless the beneficiary agrees otherwise in writing.

<sup>513</sup> Avista, Restated PEFA, § 1.37; *see also, e.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.2.

282. Once ColumbiaGrid has identified all of the benefits and beneficiaries of an Order No. 1000 transmission project, ColumbiaGrid will allocate the costs to each beneficiary in proportion to its share of the project's aggregate benefits. For each beneficiary that is not the transmission developer of the Order No. 1000 transmission project, ColumbiaGrid will allocate such beneficiary costs equal to the lesser of: (1) the beneficiary's benefits; or (2) the product of: (i) the costs of the Order No. 1000 transmission project, and (ii) the proportion of the total benefits of the Order No. 1000 transmission project that the beneficiary receives. This proportion shall be calculated by dividing the beneficiary's benefits by the sum of: (1) the Order No. 1000 transmission project's total benefits to beneficiaries that are not the transmission developer; and (2) the Order No. 1000 transmission project's benefits for the transmission developer(s).<sup>514</sup> ColumbiaGrid will allocate to the transmission developer of an Order No. 1000 transmission project any costs of the project in excess of the costs allocated to beneficiaries other than the transmission developer(s).<sup>515</sup>

283. According to Filing Parties, the requirement that costs be allocated in a manner that is at least roughly commensurate with estimated benefits is ensured by using analytical tools to calculate benefits and beneficiaries, and by clearly describing the method used to allocate the costs of a transmission project selected in the regional transmission plan for purposes of cost allocation.<sup>516</sup> Filing Parties state that costs of Order No. 1000 transmission projects will be allocated only to the beneficiaries and that no costs will be allocated to entities that do not benefit.<sup>517</sup> Filing Parties decline to use a benefit to cost threshold in the cost allocation method. They also state that allocation of costs to beneficiaries will occur only in the ColumbiaGrid region unless others voluntarily assume costs.<sup>518</sup> Filing Parties state that they have revised their respective Attachment Ks to provide a clear and transparent method to define and identify benefits

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<sup>514</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.3.1. As explained above, the transmission developer of the Order No. 1000 transmission project is considered to receive benefits equal to the projected capital costs of the project. *See* Avista, Restated PEFA, § 1.37; *see also, e.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.2.

<sup>515</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.3.2.

<sup>516</sup> Avista Transmittal Letter Restated PEFA at 17 (citing Avista, OATT, Attachment K, Part IV, § 10.3.2; Avista, Restated PEFA, §§ 1.37, App. A, § 10.3.2).

<sup>517</sup> *E.g., id.*; Avista, OATT, Attachment K, Part IV, § 10.3.2.

<sup>518</sup> *E.g.*, Avista Transmittal Letter Restated PEFA at 17; Avista, OATT, Attachment K, Part IV, §§ 10.3.2, 10.3.3; Avista, Restated PEFA, § 1.43.

and beneficiaries. Filing Parties explain that they will apply the same Order No. 1000 cost allocation method to all Order No. 1000 transmission projects.<sup>519</sup>

284. Filing Parties assert that ColumbiaGrid will document the results of its application of the Order No. 1000 regional cost allocation method in a draft preliminary cost allocation report. ColumbiaGrid will share the draft preliminary cost allocation report with the beneficiaries of the Order No. 1000 transmission project, the study team that developed the project, any interested person who requests such report, and will take written comments. After evaluating comments, ColumbiaGrid will submit its preliminary cost allocation report to the Board as part of the draft regional transmission plan. Filing Parties state that the Board will review the report, including the selection of a transmission project as an Order No. 1000 transmission project, as part of its adoption of the regional transmission plan.<sup>520</sup> If the Board does not approve a report, it may remand it to the staff for further consideration or, if supported by the record, the Board may modify it.

**ii. Protests/Comments**

285. AWEA states that deciding cost allocation on a project-by-project basis is not compliant with Order No. 1000 because benefits will not be evaluated for each project in a comparable and transparent manner.<sup>521</sup> AWEA characterizes the proposed regional transmission plan as one that determines cost allocation primarily on a voluntary project-by-project basis. For example, AWEA states that ColumbiaGrid will determine the benefits of a regional transmission project using a set of tools, but that these tools will be used “as appropriate” and therefore are not likely to be used to evaluate benefits for each project in the same comparable manner.

286. AWEA asserts that ColumbiaGrid does not provide a detailed methodology for determining benefits (based on the analytical tools)<sup>522</sup> and solely relies on reliability

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<sup>519</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, §§ 10.3.2, 10.3.3.

<sup>520</sup> *E.g.*, *id.* at Part IV, § 10.4-10.5.

<sup>521</sup> AWEA Comments at 26-27.

<sup>522</sup> The tools referenced above refer to ColumbiaGrid’s proposal to quantify benefits by: (1) conducting power flow and stability studies to project avoided costs due to the elimination or deferral of planned transmission facilities; (2) conducting power flow and stability studies to project transfer capability changes, and (3) using production cost studies to project the estimated usage of any such changes in transfer capability.



benefits without accounting for economic or public policy benefits. AWEA states that ColumbiaGrid has not provided enough specific information to show that under the regional transmission planning process, costs will be allocated commensurate with benefits because both the cost and benefit methodologies are unclear.<sup>523</sup> AWEA expresses concern with the lack of clarity on how the benefits would be calculated and disagrees with Filing Parties' claim that benefits are identifiable and non-speculative.<sup>524</sup> AWEA believes that without a proper description in the Attachment K of how analytical tools will be used to calculate benefits, the "as appropriate" use of such tools may lead to arbitrary, inconsistent, and unjust and unreasonable results.<sup>525</sup> AWEA states that unclear methodologies will limit the ability of other regions to develop interregional cost allocation approaches with ColumbiaGrid.

287. AWEA also argues that Filing Parties' proposed approach of identifying only the avoided costs of eliminated or deferred transmission projects, as well as the change in revenues due to transmission rates, does not adequately address the potential economic and public policy benefits that may result from the addition of regional transmission projects.<sup>526</sup> It suggests that production cost modeling, while limited in applicability, may provide some direction on how to calculate real economic benefits of added regional transmission in the ColumbiaGrid footprint.<sup>527</sup> AWEA states that ColumbiaGrid does not provide details regarding how it will address other public policy benefits including avoided penalties for non-compliance, economic benefits to communities with new renewable energy projects, and avoided greenhouse gas emissions.<sup>528</sup> AWEA recognizes that in non-market regions, evaluation of economic benefits may be challenging, but it notes that the public utility transmission providers in the Northern Tier Transmission Group region acknowledged this shortcoming in their filings and committed to continue to work to address these benefits.<sup>529</sup> AWEA therefore requests that ColumbiaGrid be directed to revise its proposed regional cost allocation method to require ColumbiaGrid to

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<sup>523</sup> AWEA Comments at 26-27.

<sup>524</sup> AWEA Answer at 7.

<sup>525</sup> *Id.* at 8.

<sup>526</sup> *Id.*

<sup>527</sup> *Id.*

<sup>528</sup> *Id.*

<sup>529</sup> *Id.* at 9.

work with stakeholders to develop an approach that will provide greater clarity, uniformity, and certainty to fully comply with the Commission's six cost allocation principles.<sup>530</sup>

288. Similarly, Western Independent Transmission Group argues that Filing Parties' proposal for determining whether a transmission project qualifies for regional cost allocation lacks the level of detail required under Order No. 1000.<sup>531</sup> Western Independent Transmission Group states that Filing Parties' proposal, which requires that a transmission project have estimated benefits that are at least equal to estimated costs before the project is eligible to receive cost allocation, does not provide the specific guidelines or a formula that would inform potential transmission developers of the specific inputs to the cost/benefit analysis, leaving significant uncertainty regarding which specific cost and benefit inputs are eligible for inclusion.<sup>532</sup> Specifically, on the cost side, Western Independent Transmission Group states that the proposal may consider stranded local distribution facility costs that are not directly related to regional transmission facilities. Western Independent Transmission Group argues that if these costs are included, independent transmission developers would be unfairly disadvantaged.<sup>533</sup> Accordingly, it requests that the Commission clarify that stranded costs and other costs attributable to distribution facilities may not be included in the cost category.<sup>534</sup> On the benefit side, Western Independent Transmission Group states that the proposed cost/benefit analysis fails to include a detailed description, methodology or formula for accounting for economic cost savings, such as production cost savings and reduced reserve requirements, as a component of project benefits.<sup>535</sup> Western Independent Transmission Group argues that economic cost savings are a critical

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<sup>530</sup> AWEA Comments at 27.

<sup>531</sup> Western Independent Transmission Group Comments at 6.

<sup>532</sup> *Id.* at 7.

<sup>533</sup> *Id.* at 6-7.

<sup>534</sup> *Id.* at 9.

<sup>535</sup> Western Independent Transmission Group states that Filing Parties' proposal allows consideration of avoided depreciation expenses that would have been incurred to achieve increases in transmission capacity and avoided incremental operations and maintenance costs. *Id.* at 8.

component of a new facility and requests clarification that they should be an element of expected project benefits.<sup>536</sup>

289. E.ON states that identifying benefits and beneficiaries through studies of avoided costs of deferred transmission and avoided costs of eliminated transmission is too narrow. E.ON argues that ColumbiaGrid should also consider production cost savings, reductions of transmission losses, reserves savings, and an expanded market to ensure that potentially more cost-effective transmission solutions for the region are assessed.

290. LS Power expresses concerns with Filing Parties' proposed avoided cost framework for Order No. 1000 transmission projects.<sup>537</sup> Specifically, LS Power argues that the avoided cost method, as proposed, is unworkable, places a new entrant at a disadvantage to the incumbent transmission owners and makes the selection process discriminatory.<sup>538</sup> LS Power argues that acceptance of the avoided cost method will ensure that limited new transmission is built in the Pacific Northwest, and that if it is built, it will only be built by incumbent transmission owners.<sup>539</sup>

### iii. Answer

291. Filing Parties disagree with AWEA's argument that benefits will not be evaluated for each transmission project in a comparable and transparent manner.<sup>540</sup> Filing Parties state that ColumbiaGrid will document in a draft preliminary cost allocation report the selection of any proposed transmission project as an Order No. 1000 transmission project and the results of the ColumbiaGrid staff's application of the Order No. 1000 regional cost allocation method to such project. As part of the review process, ColumbiaGrid will also provide an opportunity for written comments 30 days following the issuance of the draft report.<sup>541</sup>

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<sup>536</sup> *Id.* at 8-9.

<sup>537</sup> LS Power Protest at 15.

<sup>538</sup> *Id.*

<sup>539</sup> *Id.*

<sup>540</sup> Filing Parties Answer at 15.

<sup>541</sup> *Id.* (citing Avista, Restated PEFA, App. A, §10.4).

292. Filing Parties further explain that ColumbiaGrid will evaluate any written comments and reflect them in a preliminary cost allocation report.<sup>542</sup> The Board will then review the preliminary cost allocation report, including the selection of a proposed transmission project as an Order No. 1000 transmission project, as part of its adoption of the Biennial Transmission Plan in an open, public process.<sup>543</sup> Any preliminary cost allocation report not approved by the Board may be remanded to ColumbiaGrid staff, which may, in cooperation with the study team, revise the preliminary cost allocation report and resubmit it to the Board. Filing Parties also note that the Board may modify a preliminary cost allocation report to the extent such modification is supported by the record.<sup>544</sup> Thus, Filing Parties maintain that projected benefits are identified in the transmission planning process using a clear and transparent methodology. Therefore, Filing Parties conclude that the Restated PEFA and their respective Attachment Ks provide for evaluation of Order No. 1000 benefits in a transparent and comparable manner.<sup>545</sup>

293. In response to claims that the proposed cost allocation methodology does not include a “detailed description, methodology, or formula of accounting for economic cost savings, such as production cost savings and reduced reserve requirements, as a component of project benefits,” Filing Parties state that the analytical tools to be used in identifying Order No. 1000 beneficiaries and projecting benefits are identified in the ColumbiaGrid process.<sup>546</sup> Filing Parties disagree with AWEA’s suggestion that ColumbiaGrid’s transmission planning process relies solely on reliability needs, noting that the Restated PEFA requires consideration of various needs, including needs driven

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<sup>542</sup> *Id.* at 15-16. More specifically, Filing Parties state that, “(i) if the Staff agrees with any revisions proposed by a potential Order [No.] 1000 Beneficiary, Study Team participant, or Interested Person, the [ColumbiaGrid] Staff is to reflect such revisions in the Preliminary Order [No.] 1000 Cost Allocation Report accordingly; and (ii) if the [ColumbiaGrid] Staff disagrees with any revisions proposed by a potential Order [No.] 1000 Beneficiary, Study Team participant, or Interested Person, the [ColumbiaGrid] Staff is to summarize the proposed revisions and document the reason why the [ColumbiaGrid] Staff did not accept the proposed revisions in the Preliminary Order [No.] 1000 Cost Allocation Report.”

<sup>543</sup> *Id.* at 16 (citing Avista, Restated PEFA, App. A, §§ 10.5, 11.2).

<sup>544</sup> *Id.*

<sup>545</sup> *Id.* at 17.

<sup>546</sup> *Id.* at 18; *e.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.

by a request for service, needs for increased capacity, need within a single system and needs driven by public policy requirements.<sup>547</sup> Similarly, Filing Parties dispute that the benefits analyzed in the cost allocation method are limited to a single benefit metric; rather, they assert that benefits include specified projected avoided costs and projected changes in revenues as a result of the Order No. 1000 transmission project.<sup>548</sup>

294. In response to assertions by E.ON that the benefits used to allocate transmission project costs are too narrow or unworkable, Filing Parties explain that, through extensive negotiation and discussions between existing Planning Parties, and discussions with stakeholders, ColumbiaGrid sought to define benefits in a manner that advances the stated goal of Order No. 1000 (i.e., addressing the potential free rider issue) and only included benefits that are identifiable and not speculative.<sup>549</sup> Filing Parties argue that any attempt to define benefits more broadly to include more speculative benefits is inconsistent with the Order No. 1000 mandate that such benefits be identifiable or the mandate for regions to have a clear and transparent methodology. Further, they assert that attempting to allocate costs for such speculative benefits and beneficiaries is likely to result in additional disputes which will undermine the development of new transmission projects.<sup>550</sup>

295. In their answer, Northwest Governmental Utilities states that the regional transmission planning process complies with Order No. 1000, and that it exhibits no bias in favor of incumbent transmission providers.<sup>551</sup> Northwest Governmental Utilities state that the revised regional transmission planning process will include a recommended

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<sup>547</sup> Filing Parties Answer at 18 (citing Avista, Restated PEFA, § 1.29; Puget Sound, Restated PEFA, § 1.29 ).

<sup>548</sup> *Id.*

<sup>549</sup> To that end, Filing Parties state that the proposed Restated PEFA defines benefits to include: (1) the projected avoided costs over the planning horizon associated with a project that is eliminated as a direct result of the Order No. 1000 transmission project; (2) the projected avoided costs over the planning horizon associated with a project that is deferred as a direct result of the Order No. 1000 transmission project; and (3) the projected change in revenues based on cost-based transmission rates over the planning horizon as a direct result of the Order No. 1000 transmission project. *Id.* at 24-25.

<sup>550</sup> *Id.* at 25-26.

<sup>551</sup> Northwest Governmental Utilities Answer at 3.

allocation which includes greater specificity of costs among transmission developers and others that may benefit from the transmission project, if the project were to be built.<sup>552</sup>

#### iv. Commission Determination

296. We find Filing Parties' proposed regional cost allocation method partially complies with the Regional Cost Allocation Principles of Order No. 1000.<sup>553</sup> Generally, Filing Parties' proposal meets the Order No. 1000 requirement that each public utility transmission provider have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.<sup>554</sup> However, to fully comply with the cost allocation requirements of Order No. 1000, cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation must be binding upon identified beneficiaries, as further discussed above in section IV.B.3.b.iv, and certain aspects of the proposed cost allocation method must be modified, as discussed below. Accordingly, we direct Avista, Puget Sound, and MATL to file, within 120 days of the date of issuance of this order, further compliance filings, as discussed below. Bonneville Power should also submit further revisions to its Attachment K, as discussed below.

297. In Order No. 1000, the Commission adopted a principles-based approach to cost allocation for transmission projects selected in the regional transmission plan for purposes of cost allocation because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.<sup>555</sup> Filing Parties submit a single Order No. 1000 cost allocation method to allocate the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation sponsored by qualifying transmission developers in a manner roughly

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<sup>552</sup> *Id.*

<sup>553</sup> While we generally find that, subject to the directives ordered in this section, Filing Parties' proposed regional cost allocation method will allocate costs in a manner that is at least roughly commensurate with estimated benefits and thus complies with Regional Cost Allocation Principle 1, our acceptance here is also subject to the directive above that regional cost allocation determinations must be binding on identified beneficiaries.

<sup>554</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558.

<sup>555</sup> *Id.* P 604.

commensurate with identified benefits among beneficiaries in the ColumbiaGrid region.<sup>556</sup>

298. We find that the cost allocation method for Order No. 1000 transmission projects selected in the regional transmission plan for purposes of cost allocation partially complies with Regional Cost Allocation Principle 1. It fails to fully comply with this principle in part because a regional cost allocation method that is not binding on identified beneficiaries does not comply with the requirement that costs must be allocated in a manner that is roughly commensurate with estimated benefits. Order No. 1000 sought to minimize the regional free rider problem<sup>557</sup> and “increase the likelihood that transmission facilities in the transmission plan will move forward to construction.”<sup>558</sup> Order No. 1000 does not give parties the ability to opt out of a Commission-approved cost allocation for a specific transmission project if they assert that they do not receive benefits from it because permitting each entity to opt out would not minimize the free rider problem. A cost allocation determination that is not binding on identified beneficiaries is directly inconsistent with these goals of Order No. 1000. Our concerns with non-binding cost allocation are discussed in section IV.B.III.A, above.

299. Although we conclude that the non-binding nature of the proposed cost allocation method is not compliant with Cost Allocation Principle 1, we also find that as it applies to a beneficiary of an Order No. 1000 transmission project other than the transmission developer of such project, Filing Parties’ proposed regional cost allocation method will result in cost allocations that are at least roughly commensurate with estimated benefits, subject to the modifications directed below. We find that Filing Parties’ proposal to identify the beneficiaries of an Order No. 1000 transmission project besides the transmission developer and to assess the benefits that they receive based on (1) the costs of transmission facilities that are displaced or deferred by the Order No. 1000 transmission project and (2) the value that a beneficiary is projected to realize on its transmission system due to the Order No. 1000 transmission project partially complies with Cost Allocation Principle 1. By accounting for the costs that a beneficiary is projected to avoid over the planning horizon due to the elimination or deferral of planned additions of transmission facilities and the value that a beneficiary is projected to realize on its transmission system,<sup>559</sup> Filing Parties’ proposed regional cost allocation method,

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<sup>556</sup> *E.g.*, Avista. OATT, Attachment K, Part IV, § 10.3

<sup>557</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 640.

<sup>558</sup> *Id.* P 42.

<sup>559</sup> Filing Parties propose to account for the value that a beneficiary is projected to realize on its transmission system measured as the lesser of (1) the costs that a

(continued . . .)

with the modifications directed below, will identify beneficiaries other than the transmission developer and adequately assess the benefits that an Order No. 1000 transmission project provides. We note that, unlike Avista and MATL, both Puget Sound and Bonneville Power include the definition of Order No. 1000 benefits in their respective Attachment Ks.<sup>560</sup> We therefore direct Avista and MATL to revise their Attachment Ks to include the definition of Order No. 1000 benefits for a beneficiary of an Order No. 1000 transmission project other than the transmission developer of such project, which is currently defined in the Restated PEFA, section 1.37.

300. The Commission has noted in past orders that a regional cost allocation method that includes avoided costs could be a reasonable approach for allocating costs in a manner that is at least roughly commensurate with benefits.<sup>561</sup> In the instant proceeding, the displacement or deferral of transmission facilities by an Order No. 1000 transmission project results in measurable cost savings that are reasonably considered as benefits as part of Filing Parties' proposed regional cost allocation method. Moreover, Filing Parties' proposal to identify as additional benefits the value of increased capacity on a beneficiary's transmission system, measured as the lesser of the costs the beneficiary would have otherwise incurred to achieve such increased capacity or the beneficiary's projected changes in revenue that would result from such increased capacity, further reflects the potential benefits of an Order No. 1000 transmission project. Together, these two categories of benefits represent a reasonable approximation of some of the identifiable benefits that a transmission facility selected in the regional transmission plan

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beneficiary would have otherwise incurred over the planning horizon to achieve an increase in capacity on its transmission system equivalent to that resulting from the Order No. 1000 transmission project or (2) the projected changes in revenues for a beneficiary over the planning horizon directly resulting from the Order No. 1000 transmission project or its elimination or deferral of planned transmission facilities.

<sup>560</sup> Puget Sound, OATT, Attachment K, App. A, A.37; Bonneville Power, Tariffs, OATT, Attachment K, App. A, A.31.

<sup>561</sup> *See, e.g., S.C. Elec. & Gas Co.*, 143 FERC ¶ 61,058, at P 232 (2013) (explaining that such an approach could, in addition to identifying as benefits the costs of avoided transmission facilities in local transmission plans, identify economic benefits, including cost savings resulting from reduced losses, production cost savings, and congestion relief, and the benefits associated with public policy-related transmission needs); *PSC of Colo.*, 142 FERC ¶ 61,206 at P 312 (finding the avoided cost approach to identifying the beneficiaries of reliability transmission projects reasonably captures the benefits of such transmission projects).



for purposes of cost allocation may provide as they recognize additional benefits of transmission while also accounting for the value of displacing the costs of certain transmission projects.

301. We agree with AWEA and Western Independent Transmission Group's assertions that the proposed cost allocation method lacks clarity, and therefore transparency, regarding how Filing Parties propose to account for benefits other than avoided costs. Filing Parties have not explained in their OATTs how it will be determined in the regional transmission planning process whether, and if so, to what extent, increased capacity on a beneficiary's transmission system is "usable and marketable."<sup>562</sup> Without such explanation, it is not clear whether Filing Parties' proposed consideration of the value of increased capacity on a beneficiary's transmission system results in a regional cost allocation method that adequately assesses the benefits, besides those measured as the value of avoiding the costs of certain transmission projects, that an Order No. 1000 transmission project provides. Accordingly, we direct Avista, Puget Sound, and MATL to file further compliance filings, within 120 days of the date of issuance of this order, revising their Attachment Ks to describe how it will be determined in the regional transmission planning process whether, and if so, to what extent, increased capacity on a beneficiary's transmission system is "usable and marketable." Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with this directive.

302. In addition, Filing Parties propose that the analytical tools used to identify benefits include, *as appropriate*, (1) power flow and stability studies to project the extent, if any, to which any beneficiary would avoid costs due to elimination or deferral of planned transmission facility additions, as well as changes in transfer capability, and (2) production cost studies to project the estimated usage of any such changes in transfer capability.<sup>563</sup> When calculating the projected changes in revenues over the planning horizon to a beneficiary of an Order No. 1000 transmission project that directly result from the project or its elimination or deferral of planned transmission facilities, the Restated PEFA provides that such changes in revenue shall be based on the changes of usage of the beneficiary's transmission system projected using an economic analysis that includes, *as appropriate*, production cost, power flow, and stability analyses and evaluation of transmission queues and that is repeatable over a wide range of reasonable assumptions.<sup>564</sup> However, Filing Parties do not explain how they will determine whether

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<sup>562</sup> Avista Transmittal Letter Restated PEFA at 20.

<sup>563</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.1 (emphasis added).

<sup>564</sup> Avista, Restated PEFA, § 1.37 (emphasis added).

such analytical tools or components of the economic analysis are not appropriate for use in identifying the benefits of a particular Order No. 1000 transmission project, such that it is clear that Filing Parties' proposed regional cost allocation method adequately assesses the benefits that an Order No. 1000 transmission project provides and allocates the costs of such a project in a manner that is at least roughly commensurate with estimated benefits. Accordingly, we require Avista, Puget Sound, and MATL to submit in the further compliance filings directed below revisions to their Attachment Ks that describe the circumstances, if any, under which each analytical tool and component of the economic analysis will not be used in identifying the benefits of a particular Order No. 1000 transmission project. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

303. Filing Parties propose that ColumbiaGrid will allocate the costs of an Order No. 1000 transmission project to each beneficiary that is not the project's transmission developer in proportion to its share of the project's total benefits. We find that this proposal will allocate the costs of an Order No. 1000 transmission project among its beneficiaries in a manner that is at least roughly commensurate with the benefits it provides. Thus, we conclude that Filing Parties' proposal to allocate the costs of an Order No. 1000 transmission project to each beneficiary that is not the project's transmission developer in proportion to its share of the project's total benefits partially complies with Cost Allocation Principle 1.

304. However, we find that Filing Parties' proposal that the benefits of an Order No. 1000 transmission project for the transmission developer of that project will be equal to the projected capital costs of the project does not comply with Cost Allocation Principle 1. While we conclude that the transmission developer of an Order No. 1000 transmission project may benefit from such project and thus be identified as a beneficiary, Filing Parties have not explained how the projected capital cost of an Order No. 1000 transmission project is a reasonable approximation of the benefits that the project will provide to the transmission developer. Therefore, Filing Parties have not demonstrated how the proposed regional cost allocation method as it applies to a transmission developer of an Order No. 1000 transmission project adequately assesses the benefits of a transmission facility selected in the regional transmission plan for purposes of cost allocation. Accordingly, we require Avista, Puget Sound, and MATL in to justify the proposal to measure the benefits of an Order No. 1000 transmission project for its transmission developer as the projected capital costs of the project, or to remove this proposal from their Attachment Ks. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with this directive.

305. With the exception of Filing Parties' proposal that the benefits of an Order No. 1000 transmission project for the transmission developer of that project will be equal to the projected capital costs of the project, we find that Filing Parties' proposed regional cost allocation method complies with Cost Allocation Principle 2. Under Filing Parties'

proposed regional cost allocation method as it applies to beneficiaries other than the transmission developer of an Order No. 1000 transmission project, those that receive no benefit from transmission facilities, either at present or in a likely future scenario, are not involuntarily allocated any of the costs of such transmission facilities. In contrast, Filing Parties' proposal to measure the benefits of an Order No. 1000 transmission project for its transmission developer as the projected capital costs of the project may not comply with Cost Allocation Principle 2. Because the projected capital cost of an Order No. 1000 transmission project may not be a reasonable approximation of the benefits that the project will provide to the transmission developer, Filing Parties' proposed regional cost allocation method as it applies to a transmission developer of an Order No. 1000 transmission project may allocate costs to a transmission developer that receives no benefit. We therefore require Avista, Puget Sound, and MATL in the further compliance filings directed below to explain how the proposal that the benefits of an Order No. 1000 transmission project for the transmission developer of that project will be equal to the projected capital costs of the project complies with Cost Allocation Principle 2, or to remove this proposal from their Attachment Ks. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with this directive.

306. Filing Parties do not propose to apply a benefit to cost ratio. Accordingly, we find that Filing Parties' proposed regional cost allocation method complies with Regional Cost Allocation Principle 3, which requires that if adopted, a benefit to cost threshold may not include a ratio of benefits to costs that exceeds 1.25.

307. Filing Parties' proposed Attachment K revisions state that costs must be allocated solely within the ColumbiaGrid transmission planning region unless other transmission planning regions or entities voluntarily assume costs,<sup>565</sup> consistent with Regional Cost Allocation Principle 4. However, Filing Parties' proposed Attachment K revisions do not comply with the Regional Cost Allocation Principle 4 requirement that the regional transmission planning process identify the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other transmission planning regions, such as upgrades that might be required in another region. Filing Parties also fail to address whether the ColumbiaGrid transmission planning region has agreed to bear the costs associated with any required upgrades in another transmission planning region or, if so, how such costs will be allocated within the ColumbiaGrid transmission planning region. We therefore direct Avista, Puget Sound, and MATL to file further compliance filings, within 120 days of the date of issuance of this order, revising their Attachment Ks to provide for identification of the consequences of a transmission facility selected in the regional transmission plan for purposes of cost

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<sup>565</sup> *E.g.*, Avista OATT, Attachment K, Part IV, §§ 10.3.2, 10.3.3.

allocation for other transmission regions. Avista, Puget Sound, and MATL are directed to also address in the further compliance filings whether the ColumbiaGrid transmission planning region has agreed to bear the costs associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated within the ColumbiaGrid transmission planning region. Likewise, Bonneville Power should also submit further revisions to its Attachment K, consistent with these directives.

308. Regional Cost Allocation Principle 5 requires that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.<sup>566</sup> We find that Filing Parties' proposed regional cost allocation method partially complies with this principle because they define and explain how benefits and beneficiaries will be determined. Specifically, as explained in section IV.B.3.b.i above, Filing Parties describe in detail in their Attachment Ks how the following benefits will be calculated: (1) the avoided costs of deferred transmission facilities; (2) the avoided costs of eliminated transmission facilities; and (3) the costs that a beneficiary would have otherwise incurred over the planning horizon to achieve an increase in capacity on its transmission system equivalent to that resulting from the Order No. 1000 transmission project.<sup>567</sup> Moreover, Filing Parties provide that ColumbiaGrid will document the results of its application of the Order No. 1000 regional cost allocation method to an Order No. 1000 transmission project in a draft preliminary report, which it will share with the beneficiaries, the study team that developed the project, and any interested person who requests such report.<sup>568</sup> Thus, Filing Parties' proposed regional cost allocation method provides for adequate documentation to allow a stakeholder to determine how it was applied to a proposed transmission facility.

309. However, as discussed above, Filing Parties do not explain how they will determine whether the analytical tools used to identify benefits of Order No. 1000 transmission projects or the components of the economic analysis used to calculate the projected changes in revenues over the planning horizon to a beneficiary of such a project are not appropriate for use in identifying the benefits of a particular Order No. 1000 transmission project such that the regional cost allocation method and data requirements for determining benefits and identifying beneficiaries are transparent. Accordingly, we reiterate our directive above that Avista, Puget Sound, and MATL revise their

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<sup>566</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 668.

<sup>567</sup> *See, e.g.*, Avista, OATT, Attachment K, Part IV, § 10.3.2.2.

<sup>568</sup> *E.g., id.* at Part IV, § 10.4.

Attachment Ks to describe the circumstances, if any, under which each analytical tool and component of the economic analysis will not be used in identifying the benefits of a particular Order No. 1000 transmission project. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive.

310. Finally, we find that Filing Parties' proposed regional cost allocation method complies with Regional Cost Allocation Principle 6. Consistent with Regional Cost Allocation Principle 6, Filing Parties propose to use the same cost allocation method for different types of transmission facilities in the regional transmission plan.<sup>569</sup> In addition, Filing Parties have not proposed to designate a type of transmission facility that has no regional cost allocation method applied to it.<sup>570</sup>

311. We are not persuaded by with LS Power's claim that Filing Parties' proposed cost allocation method will discriminate in favor of incumbent transmission developers. We further note that LS Power fails to explain how the proposed cost allocation method is unduly discriminatory and not just and reasonable. Similarly, we disagree with E.ON's narrow characterization of Filing Parties' proposed cost allocation method as one that relies only on avoided cost. As explained above, Filing Parties' proposed method accounts for economic benefits such as projected changes in revenues based on cost-based transmission rates resulting from an Order No. 1000 transmission project, using economic analysis (including production cost, power flow, and stability analyses).

312. In sum, we direct Avista, Puget Sound, and MATL to submit a compliance filing within 120 days of the date of issuance of this order to: (1) revise their Attachment Ks to include the definition of Order No. 1000 benefits, subject to related further modifications discussed above (2) revise their Attachment Ks to describe how it will be determined in the regional transmission planning process whether, and if so, to what extent, increased capacity on a beneficiary's transmission system is "usable and marketable;" (3) justify the proposal to measure the benefits of an Order No. 1000 transmission project for its transmission developer as the projected capital costs of the project, or remove this proposal from their Attachment Ks; (4) explain how the proposal that benefits of an Order No. 1000 transmission project for the transmission developer of that project will be equal to the projected capital costs of the project complies with Cost Allocation Principle 2, or remove this proposal from their Attachment Ks; (5) revise their Attachment Ks to provide for identification of the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other transmission regions; (6) explain whether the ColumbiaGrid transmission planning region has agreed to bear

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<sup>569</sup> See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 685.

<sup>570</sup> See *id.* P 690.

the costs associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated within the ColumbiaGrid transmission planning region; and (7) revise their Attachment Ks to describe the circumstances, if any, under which each analytical tool and component of the economic analysis will not be used in identifying the benefits of a particular Order No. 1000 transmission project. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with directives (1) – (7) listed above.

**d. Voluntary Cost Allocation**

**i. Filing Parties Compliance Filings**

313. Filing Parties explain that there are two tracks for cost allocation under the Restated PEFA, i.e., the Order No. 1000 regional cost allocation method and the pre-Order No. 1000 cost allocation. Filing Parties retain as an available cost allocation method the pre-Order No. 1000 cost allocation method, which the Commission accepted as part of its review of Avista, Puget Sound, and Bonneville Power filings in response to Order No. 890. Filing Parties retain such method for certain transmission projects that either do not qualify for Order No. 1000 cost allocation or for which Order No. 1000 cost allocation was not timely requested or where a timely request has been withdrawn prior to the application of the Order No. 1000 regional cost allocation method.<sup>571</sup>

**ii. Protests/Comments**

314. Western Independent Transmission Group objects to ColumbiaGrid's proposal to allow cost allocation for a regional transmission project by mutual agreement. Western Independent Transmission Group states that allowing parties to agree on a cost allocation for a regional transmission project that differs from the method established for regional cost allocation would undermine the Commission's Order No. 1000 reforms. Western Independent Transmission Group also asserts that voluntary participation in the regional transmission process fails to ensure that transmission project costs are allocated to ratepayers in the fairest and most cost efficient way possible.<sup>572</sup>

315. Similarly, LS Power objects to ColumbiaGrid's retention of a non-Order No. 1000 cost allocation method and continuing allowance of bilateral cost allocation agreements. LS Power states that ColumbiaGrid attempts to circumvent Order No. 1000 requirements

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<sup>571</sup> Avista Transmittal Letter Restated PEFA at 23.

<sup>572</sup> Western Independent Transmission Group Comments at 4-5.

by defining in the transmission planning process that any non-Order No. 1000 cost allocation is not a cost allocation for purposes of Order No. 1000.<sup>573</sup>

316. AWEA states that adopting the cost allocation principles or deciding cost allocation on a project-by-project basis is not compliant with Order No. 1000. According to AWEA, Filing Parties' proposed approach to determine cost allocation for regionally beneficial transmission projects is primarily decided on a voluntary project-by-project basis.<sup>574</sup>

iii. Answer

317. Filing Parties state that protesters incorrectly argue that Order No. 1000 forbids voluntary cost allocation agreements.<sup>575</sup> According to Filing Parties, while Order No. 1000 requires regions to develop a cost allocation method (or a set of methods) for qualifying regional transmission projects, it does not preclude alternative voluntary means of reaching agreement on costs.<sup>576</sup> They further state that the Commission is clear that its reforms allow for participant funding although not as the default regional cost allocation method.<sup>577</sup> As support, Filing Parties point out the Commission's explanation that "it is possible that the developer of a facility selected in the regional transmission plan for purposes of cost allocation might decline to pursue regional cost allocation and, instead rely on participant funding."<sup>578</sup>

318. Filing Parties state that ColumbiaGrid's regional transmission planning process encourages parties to reach voluntary agreement, where feasible, and negotiations are intended to promote the likelihood of construction of needed projects.<sup>579</sup> Filing Parties explain that the ColumbiaGrid regional transmission planning process allows

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<sup>573</sup> LS Power Comments at 7.

<sup>574</sup> AWEA Comments at 26.

<sup>575</sup> Filing Parties Answer at 9.

<sup>576</sup> *Id.*

<sup>577</sup> *Id.* at 9 & n.34 (citing, *e.g.*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 10, 723-27).

<sup>578</sup> *Id.* at 9 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 10 n.6).

<sup>579</sup> *Id.* at 9-10.

transmission developers and beneficiaries the opportunity to reach voluntary agreement, which is expressly authorized by Order No. 1000 and is consistent with the Commission's determinations regarding participant funding, flexibility, and respect for regional practices.<sup>580</sup>

319. Filing Parties argue that Order No. 1000 does not prohibit other cost allocation methods/processes for transmission projects that do not seek or qualify for a cost allocation under the Order No. 1000 reforms. In response to LS Power's assertion that retention of the existing cost allocation method, non-Order No. 1000 cost allocation, could result in "transmission projects that should be considered regional projects per Order No. 1000...[being] developed under a parallel process that is inconsistent with Order No. 1000,"<sup>581</sup> Filing Parties respond that while ColumbiaGrid's Order No. 1000 Cost allocation method is available for any transmission project that qualifies<sup>582</sup> and ColumbiaGrid's non-Order No. 1000 cost allocation is available only for projects that would not qualify for Order No. 1000 cost allocation or for projects for which Order No. 1000 cost allocation has not been sought.<sup>583</sup> Filing Parties contend that non-Order No. 1000 cost allocation is a supplemental process, not a replacement for any transmission project that qualifies for cost allocation under Order No. 1000.<sup>584</sup> Moreover, Filing Parties point out that the existing non-Order No. 1000 cost allocations were accepted by the Commission under Order No. 890, and the Commission has not indicated that they should be eliminated as an alternative for projects for which Order No. 1000 cost allocation is not available or requested.<sup>585</sup>

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<sup>580</sup> *Id.* at 10.

<sup>581</sup> *Id.* (citing LS Power Comments at 6-7). In addition, Filing Parties state that LS Power erroneously asserts that the regional transmission plan can contain only three types of projects: (1) local projects; (2) merchant projects that are reflected in the plan; and (3) projects selected for regional cost allocation. *Id.* at 10 n.37.

<sup>582</sup> Filing Parties note that Order No. 1000 Cost Allocation must be timely requested by a qualified transmission developer.

<sup>583</sup> Filing Parties Answer at 10 (citing Avista, Restated PEFA, App. A, §§ 5.4, 6.4, 8.4, 9.4; Puget Sound, Restated PEFA, App. A, §§ 5.4, 6.4, 8.4, 9.4).

<sup>584</sup> *Id.*

<sup>585</sup> *Id.* at 11.



**iv. Commission Determination**

320. We find that Filing Parties' proposal to retain the pre-Order No. 1000 cost allocation method for certain transmission projects is just and reasonable. Contrary to the protestors' arguments, Order No. 1000 permitted participant funding of transmission facilities, but not as a regional or interregional cost allocation method.<sup>586</sup> In fact, the Commission found in Order No. 1000 that the cost allocation requirements adopted do not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods.<sup>587</sup> Instead, the Commission recognized in Order No. 1000 that "market participants may be in a better position to undertake such negotiations as a result of the public utility transmission providers in the region having evaluated a transmission project."<sup>588</sup>

321. We disagree with protestors' claims that allowing a voluntary cost allocation as an alternative cost sharing arrangement will allow transmission owners to bypass the regional transmission planning process. As the proposed Attachment Ks require, all non-Order No. 1000 projects or participant-funded transmission projects will be studied in the regional transmission planning process; those projects do not receive regional cost allocation. Accordingly, we find that the proposed provisions allowing for voluntary cost allocation or non-Order No. 1000 cost allocation for transmission facilities as an alternative cost sharing agreement but not as the regional cost allocation method comply with Order No. 1000. However, as discussed in the next section, we direct Filing Parties to revise one aspect of their approach to provide opportunities for negotiating a voluntary cost allocation.

**e. Opportunities to Negotiate a Voluntary Cost Allocation**

**i. Filing Parties' Compliance Filings**

322. Under Filing Parties' cost allocation proposal, there are two opportunities for transmission developers and Affected Persons to reach a voluntary agreement on a cost allocation for a transmission facility selected in the regional transmission plan for purposes of cost allocation. The first opportunity is offered after a study team or ColumbiaGrid, as appropriate, evaluates and determines that a transmission project meets

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<sup>586</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 723.

<sup>587</sup> *Id.* P 561.

<sup>588</sup> *Id.*

the Order No. 1000 transmission project selection criteria and the transmission developer meets the Order No. 1000 transmission developer qualification criteria. This opportunity for negotiations would occur prior to ColumbiaGrid applying the Order No. 1000 cost allocation method and would allow “six full calendar months and such additional time, if any, as requested by *all* Order No. 1000 Sponsors *and* other Affected Parties with respect to such project for the Order No. 1000 Sponsors and Affected Parties to reach agreement” on project implementation, including cost allocation.<sup>589</sup> If agreement is not reached after that time then ColumbiaGrid would apply the Order No. 1000 cost allocation method.

323. The second opportunity to negotiate a voluntary cost allocation is triggered after ColumbiaGrid staff prepares a preliminary cost allocation report, which includes the selection of a proposed transmission project as an Order No. 1000 transmission project and the results of staff’s application of the Order No. 1000 cost allocation method to such project. Thus, costs and beneficiaries have been determined. Before ColumbiaGrid staff includes the report in the draft regional transmission plan for the Board’s approval, a second opportunity to negotiate a voluntary cost allocation occurs if requested by “one or more Affected Persons with respect to such Project.”<sup>590</sup> If after such “additional time” an agreement has not been reached, staff would include the preliminary cost allocation report in the draft regional transmission plan. The provision does not impose any limit on the period of “additional time” for negotiations after which ColumbiaGrid staff would include the preliminary cost allocation report in the draft regional transmission plan.

## ii. Protests/Comments

324. AWEA states that the ColumbiaGrid process offers an opportunity for voluntary cost allocation after the point at which one or more transmission developers have requested Order No. 1000 cost allocation for a transmission project. AWEA and Western Independent Transmission Group argue that the six-month period of negotiation will result in additional delay and uncertainty for a transmission project. AWEA requests that ColumbiaGrid provide additional justification for the “delay” period.<sup>591</sup>

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<sup>589</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.2; Avista, Restated PEFA, App. A, § 10.2 (emphasis added).

<sup>590</sup> *E.g.*, Avista, OATT, Attachment K, Part IV, § 10.4; Avista, Restated PEFA, App. A, § 10.4.

<sup>591</sup> AWEA Comments at 27-28 (citing Avista, Restated PEFA, App. A, §10.2).

**iii. Answers**

325. In response, Filing Parties explain that the transmission planning process encourages parties to reach voluntary agreement, where feasible, to increase the likelihood of construction of needed transmission projects. They state that such an approach is expressly authorized by Order No. 1000 and is consistent with the Commission's determinations regarding participant funding, regional flexibility, and respecting existing regional practices.<sup>592</sup>

**iv. Commission Determination**

326. We find ColumbiaGrid's first opportunity to negotiate a voluntary cost allocation is reasonable and is consistent with Order No. 1000. Although the Commission recognizes that the first opportunity to negotiate a voluntary cost allocation may delay application of the Order No. 1000 regional cost allocation method, our concerns regarding this delay are mitigated because negotiation is set at six months, and may be concluded earlier if the relevant entities reach agreement, and because any additional time for negotiation beyond the initial six-month period is only permitted upon agreement of *all* transmission developers *and* affected persons. Moreover, the Commission found in Order No. 1000 that the cost allocation requirements adopted do not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method.<sup>593</sup>

327. However, we are concerned that Filing Parties' proposal to allow a second opportunity to negotiate a voluntary cost allocation if "one affected person or more" requests additional time introduces additional uncertainty into the process both for the transmission developer and for the beneficiaries to whom the transmission project's costs will be allocated, thus leading to a lower likelihood that the transmission project will be constructed.<sup>594</sup> We find that as written, the second opportunity grants a single affected person (including an incumbent transmission provider) the opportunity to prevent or stall the inclusion of the preliminary cost allocation report in the draft regional transmission plan—effectively precluding a transmission project's selection in the regional transmission

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<sup>592</sup> Filing Parties Answer at 9-10.

<sup>593</sup> Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 561.

<sup>594</sup> No explanation is offered by Filing Parties for the second negotiation for a voluntary cost allocation in the event that one or more affected persons request it instead of limiting it to when all transmission developers and affected parties agree to the additional time to negotiate.

plan for purposes of cost allocation and preventing identified beneficiaries from realizing the project's benefits. Therefore, we direct Avista, Puget Sound, and MATL to revise the language in their respective Attachment Ks to provide a second opportunity to negotiate a voluntary cost allocation for an Order No. 1000 transmission project only if requested by *all* sponsors *and* affected persons. Likewise, Bonneville Power should also submit further revisions to its Attachment K consistent with this directive. This revision would make the language in the provision providing for the second opportunity to negotiate consistent with that of the provision providing for the first opportunity, and would address the Commission's concern that the provision may be used to undermine Order No. 1000.

#### **4. Miscellaneous Issues**

##### **a. Section 211A of the FPA Protests/Comments**

328. Pacific Northwest Renewables argue that Bonneville Power's petition for declaratory order seeking reciprocity status should be rejected because the Commission has ordered Bonneville Power to file an OATT pursuant to section 211A of the FPA<sup>595</sup> in a separate proceeding.<sup>596</sup> Pacific Northwest Renewables argue that that any tariff deviations that have been submitted by Bonneville Power should be reviewed pursuant to the FPA section 211A standard, to ensure that such deviations are comparable and not unduly discriminatory or preferential.

##### **i. Answers**

329. Bonneville Power disagrees with Pacific Northwest Renewables' assertion that the Commission ordered it to file a tariff under section 211A of the FPA.<sup>597</sup> Bonneville Power states that the standards of review under section 211A and under reciprocity are different.<sup>598</sup> Bonneville Power states that if it is to attain reciprocity status, it must do so in a proceeding separate from Docket No. EL11-44-000, which is the proceeding

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<sup>595</sup> 16 U.S.C. § 824j-1 (2006).

<sup>596</sup> Pacific Northwest Renewables Comments at 12.

<sup>597</sup> Bonneville Power indicates that it has responded to these arguments in Docket Nos. EL11-44-000, NJ12-7-000, and NJ12-13-000, respectively. Bonneville Power Answer at 13.

<sup>598</sup> *Id.* at 13-14 (citing *Iberdrola Renewables, Inc.*, 137 FERC ¶ 61,185, at P 65 n.101 (2011)).

referenced by Pacific Northwest Renewables. Bonneville Power states that its request for Commission review of its transmission planning process is appropriately filed under a petition for declaratory order in Docket No. NJ13-1-000 and Pacific Northwest Renewables' request should be denied.<sup>599</sup>

**ii. Commission Determination**

330. We agree with Bonneville Power that its request for Commission review of its transmission planning process is appropriately filed under a petition for declaratory order, as filed in Docket No. NJ13-1-000. We confirm that the Commission did not expressly require that Bonneville Power file and maintain an entirely new, updated open access transmission tariff. Rather, the Commission clarified that the Commission had previously directed Bonneville Power to file revisions to its tariff to address the Commission's comparability concerns with respect to the Environmental Redispatch Policy, i.e., tariff revisions that ensure the provision of transmission service prospectively for non-federal resources on terms and conditions comparable to those under which Bonneville Power provides transmission services to itself and that are not unduly discriminatory or preferential. We did not require and do not require Bonneville Power to file a tariff under section 211A of the FPA. Therefore, we deny Pacific Northwest Renewables' request.<sup>600</sup>

**b. Posting of Local Transmission Planning Information**

**i. Bonneville Power's Filing**

331. In its Petition, Bonneville Power proposes modifications to its local planning process to reduce its local transmission planning cycle from a thirty-three-month cycle to a twelve-month planning cycle. As a result, public meetings will be conducted twice yearly, rather than four meetings conducted within the previous local transmission planning cycle.<sup>601</sup>

**ii. Comments**

332. E.ON argues that Bonneville Power's Attachment K states that it "will present for discussion and comment the draft plans of service, cost estimates, and economic

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<sup>599</sup> *Id.* at 14.

<sup>600</sup> *Iberdrola Renewables, Inc.*, 141 FERC ¶ 61,233, at P 37 (2012).

<sup>601</sup> Bonneville Power Transmittal Letter at 18.

analyses” and such information will be “posted prior to Planning Meeting II.” E.ON states that Bonneville Power’s Attachment Ks should indicate how far in advance such draft plans will be posted, so that all stakeholders are notified of how the process will work and how they need to plan accordingly in order to participate. E.ON suggests a minimum of sixty days to ensure that meaningful substantive comments are provided.<sup>602</sup>

**iii. Answers**

333. Bonneville Power states that its local transmission planning process provides transparent, non-discriminatory procedures that allow for stakeholder involvement, consistent with Order No. 1000 requirements. Bonneville Power states that it is not feasible to post information sixty days in advance of the Planning Meeting II,<sup>603</sup> given that the timeline is associated with its annual planning cycle. However, to address E.ON’s concern, Bonneville Power states that it will modify its local transmission planning process to include a thirty-day comment period *after* Planning Meeting II to ensure that stakeholders have adequate time to review the plans and provide comments, while preserving the schedule associated with Bonneville Power’s annual planning cycle.<sup>604</sup>

334. AWEA supports Bonneville Power’s further revision to provide thirty days for comments following its Planning Meeting II and urges the Commission to require Avista and Puget Sound to adopt the same thirty-day comment period following Planning Meeting II for its local transmission planning processes.<sup>605</sup>

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<sup>602</sup> E.ON Comments to Bonneville Power Filing at 5 (citing Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 5.2.3).

<sup>603</sup> Bonneville Power, Tariffs, OATT, Attachment K, Part III, § 5.2.3. We note that Bonneville Power’s local transmission planning process is an annual process. Bonneville Power provides opportunities for customers and interested persons to participate in the planning process by conducting a series of open public meetings and issuing postings throughout the planning process. At a minimum Bonneville Power holds two meetings per year, and issues two postings to provide comment opportunity to customers and interested persons.

<sup>604</sup> Bonneville Power Answer at 12.

<sup>605</sup> AWEA Answer at 1, 9.

**iv. Commission Determination**

335. We find that Bonneville Power's proposed revisions to reduce its local transmission planning cycle to a twelve-month cycle substantially conform or are superior to the *pro forma* OATT. We find Bonneville Power's commitment to further revise its local transmission planning process to include a thirty-day comment period *after* Planning Meeting II responsive to E.ON's concern. Bonneville Power's local transmission process indicates that it will expressly seek comments on the draft plans and provides a specific amount of time following Planning Meeting II which allows for transparency.<sup>606</sup> We therefore, accept Bonneville Power's commitment to modify its local transmission planning process.

336. We decline AWEA's suggestion to direct Avista and Puget Sound to adopt a similar thirty-day comment period in their *local* transmission planning processes. This request is outside the scope of Avista and Puget Sound's Order No. 1000 compliance filings.<sup>607</sup> Their local transmission planning processes were previously accepted by the Commission and no further revisions have been proposed herein.

**c. Modification to Open Season Process in Local Transmission Planning Process**

337. In addition to the revisions necessary to comply with Order No. 1000, MATL also submitted a revision to its local transmission planning process whereby, in addition to an open season process, MATL may use any alternative process for the sale of capacity that is consistent with Commission policy.<sup>608</sup>

**i. Commission Determination**

338. We reject MATL's proposed tariff revisions that address its open season process. MATL's proposal is beyond the scope of Order No. 1000, as it does not appear to be grounded in any of the requirements of Order No. 1000. Moreover, MATL has not justified why this proposal is necessary to comply with Order No. 1000. Although we are rejecting MATL's proposed tariff revisions in this regard, it may file proposed tariff revisions with the Commission under section 205 of the FPA.

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<sup>606</sup> Bonneville Power Answer at 12 (citing Bonneville Power, Tariffs, OATT, Attachment K, § 5.2.3).

<sup>607</sup> See Order No. 890 Compliance Order I, 124 FERC ¶ 61,054.

<sup>608</sup> MATL, OATT, Attachment K, Part II § 3.4(d).

The Commission orders:

(A) Avista, Puget Sound, and MATL's respective compliance filings are hereby accepted, as modified, subject to further compliance filings, as discussed in the body of this order;

(B) Avista and Puget Sound Restated PEFA filings are hereby conditionally accepted, subject to further modification, as discussed in the body of this order;

(C) Avista, Puget Sound, and MATL are hereby directed to submit further compliance filings, within 120 days of the date of issuance of this order, as discussed in the body of this order;

(D) Bonneville Power's petition for declaratory order is hereby granted in part, subject to further compliance filings, as discussed in the body of this order; and

(E) Bonneville Power's request for exemption from the filing fee is hereby granted.

By the Commission. Chairman Wellinghoff is not participating. Commissioner Clark is dissenting with a separate statement attached.

( S E A L )

Kimberly D. Bose,  
Secretary.



**Appendix A: Abbreviated Names of Parties and Commenter**

<b>Abbreviation</b>	<b>Party(ies) or Commenter</b>
Avista	Avista Corporation
AWEA	American Wind Energy Association and Wind Renewable Northwest Project
Bonneville Power	Bonneville Power Administration
E.ON	E.ON Climate & Renewables North America, LLC
Filing Parties	Avista Corporation, Puget Sound Energy, Inc., MATL LLP and Bonneville Power Administration
LS Power	LSP Transmission, LLC and LSP Transmission Holdings, LLC
MATL LLP	MATL
Northwest Governmental Utilities	Public Utility District No. 1 of Chelan County, Washington; Public Utility District No. 1 of Snohomish County, Washington; Public Utility District No. 2 of Grant County, Washington; City of Tacoma, Department of Public Utilities, Light Division; and the City of Seattle, by and through its City Light Department
Northwest Power Producers	Northwest & Intermountain Power Producers Coalition
NW Energy Coalition	NW Energy Coalition
Pacific Northwest Renewables	Iberdrola Renewables, LLC; PacifiCorp: NextEra Energy Resources, LLC; Invenergy Wind North America LLC; and EDP Renewables North America

<b>Abbreviation</b>	<b>Party(ies) or Commenter</b>
Puget Sound	Puget Sound Energy, Inc.
Washington Commission	Washington Utilities and Transportation Commission
Western Independent Transmission Group	Western Independent Transmission Group

**Appendix B: Interventions, Comments, Protests, and Answers by Docket Number****Docket Nos. ER13-93-000 and ER13-94-000**

Timely motions to intervene were filed by American Wind Energy Association; Bonneville Power; E.ON; LS Power; Northwest Power Producers; Puget Sound; Renewable Northwest Project; Western Independent Transmission Group; and Northwest Governmental Utilities. On November 28, 2012, a motion to intervene out-of-time was filed by NW Energy Coalition.

E.ON; Northwest Governmental Utilities; Washington Commission; and Western Independent Transmission Group filed timely comments. LS Power filed a protest. On November 30, 2012, AWEA filed comments out-of-time.

**Docket Nos. ER13-98-000 and ER13-99-000**

Timely motions to intervene were filed by Abengoa Transmission & Distribution, Inc.; Avista; American Wind Energy Association; Bonneville Power; E.ON; LS Power; Northwest Power Producers; Western Independent Transmission Group; Northwest Governmental Utilities; and Renewable Northwest Project. On November 28, 2012, a motion to intervene out-of-time was filed by NW Energy Coalition.

E.ON; Northwest Governmental Utilities; Washington Commission and Western Independent Transmission Group filed timely comments. LS Power filed a protest.

**Docket No. NJ13-1-000**

Timely motions to intervene were filed by American Wind Energy Association; Avista; E.ON; EDP Renewables North America LLC; Iberdrola Renewables, LLC; Invenergy Wind North America LLC; LS Power; NextEra Energy Resources, LLC; Northwest Governmental Utilities; Northwest Power Producers; PacifiCorp; Portland General Electric Company; Public Power Council; Puget Sound; Renewable Northwest Project; Transmission Agency of Northern California; Transource Energy, LLC; and Western Independent Transmission Group. On November 28, 2012, a motion to intervene out-of-time was filed by NW Energy Coalition.

E.ON, Northwest Governmental Utilities, and Western Independent Transmission Group filed timely comments. Protests were filed regarding Bonneville Power's Order No. 1000 compliance filing by LS Power, Pacific Northwest Renewables and Northwest Power Producers. On November 30, 2012, (American Wind Energy Association and Renewable Northwest Project (AWEA) filed joint comments out-of-time.

**Docket No. ER13-836-000**

None was filed.

**Answers (Docket Nos. ER13-93-000; ER13-94-000; ER13-98-000; ER13-99-000; NJ13-1-000)**

On December 12, 2012, the Northwest Governmental Utilities filed an answer addressing all of ColumbiaGrid's compliance filings. On December 17, 2012, Bonneville Power, Avista, and Puget Sound filed a joint answer to comments and protests. Bonneville Power further filed a separate answer to comments and protests regarding its Order No. 1000 compliance filing on December 17, 2012. On December 26, 2012, E.ON filed a response to Northwest Governmental Utilities' December 12, 2012 answer. On February 13, 2013, AWEA filed a response to Bonneville Power, Avista, and Puget Sound's December 17, 2012 joint answer to comments and protests.

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation	Docket Nos. ER13-93-000 ER13-94-000
Puget Sound Energy, Inc.	ER13-98-000 ER13-99-000
MATL LLP	ER13-836-000
United States Department of Energy – Bonneville Power Administration	NJ13-1-000

(Issued June 20, 2013)

CLARK, Commissioner, dissenting:

This order rejects key elements of the Filing Parties Order No. 1000 compliance filings related to transmission planning and cost allocation for utilities serving the Pacific Northwest. I dissent because I would have, in large part, accepted the filings.

The Commission has stressed throughout the Order No. 1000 process that flexibility and respect for regional differences would be a hallmark of this undertaking.<sup>1</sup> I believe this order runs afoul of that stated principle.

The Pacific Northwest is a unique region of the United States as it pertains to transmission planning. Approximately 75 percent of the transmission service in the region is provided by one entity: the Bonneville Power Administration (Bonneville), a federal agency that the Commission cannot compel to participate in the Order No. 1000 regime.

Jurisdictional and non-jurisdictional utilities in this region have been planning together through ColumbiaGrid since 2006. In the compliance filings, these entities propose to continue this planning process while incorporating key elements of Order No. 1000. While Bonneville is either unable or unwilling to commit to the sort of binding cost

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<sup>1</sup> See e.g., *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 61,108, 561 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, at P 266 (2012).

allocation envisioned by Order No. 1000, I view these filings as a best effort to comply with the spirit of Order No. 1000, while acknowledging the reality of the transmission grid in the Pacific Northwest.

Substantially accepting the filing would allow those much smaller jurisdictional utilities that are deeply embedded within the Bonneville region to effectively participate in an “Order No. 1000-like” process along with Bonneville and other non-jurisdictional utilities. By rejecting key elements of this filing, I am concerned that we may do more harm than good in this region. I hope that Bonneville will find a way to continue to participate, but by failing to accommodate the region’s unique characteristics, this order may cause the region to fracture, and thereby strand a number of jurisdictional utilities for purposes of Order No. 1000 planning. How those utilities would proceed under such a scenario, I do not know, for it is hard to contemplate an effective regional planning effort that ignores the reality of a region dominated by one non-jurisdictional transmission provider.

Therefore, I respectfully dissent.

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Tony Clark  
Commissioner