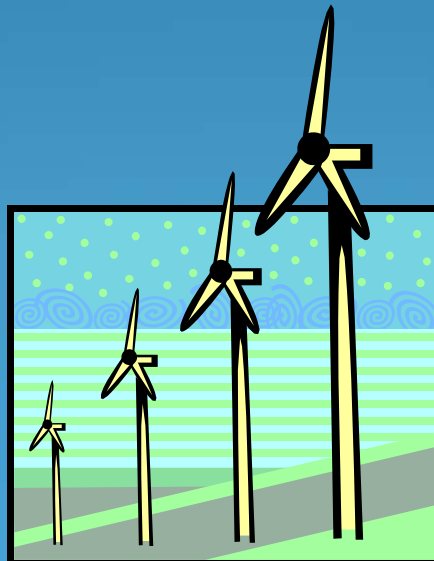


Mid-Atlantic Renewable Energy Coalition

Ohio Clean Energy Transmission Summit

August 6, 2012





MAREC's Policy Objectives

- Grow wind and other renewables.
- Work with state regulators to develop rules and supportive policies for renewable energy.
- Promote improvement to electric transmission infrastructure to facilitate renewable development.
- Provide education on environmental sustainability and renewable energy.
- Provide technical expertise and education on integrating variable wind energy resources to the electric grid.

MAREC's Footprint



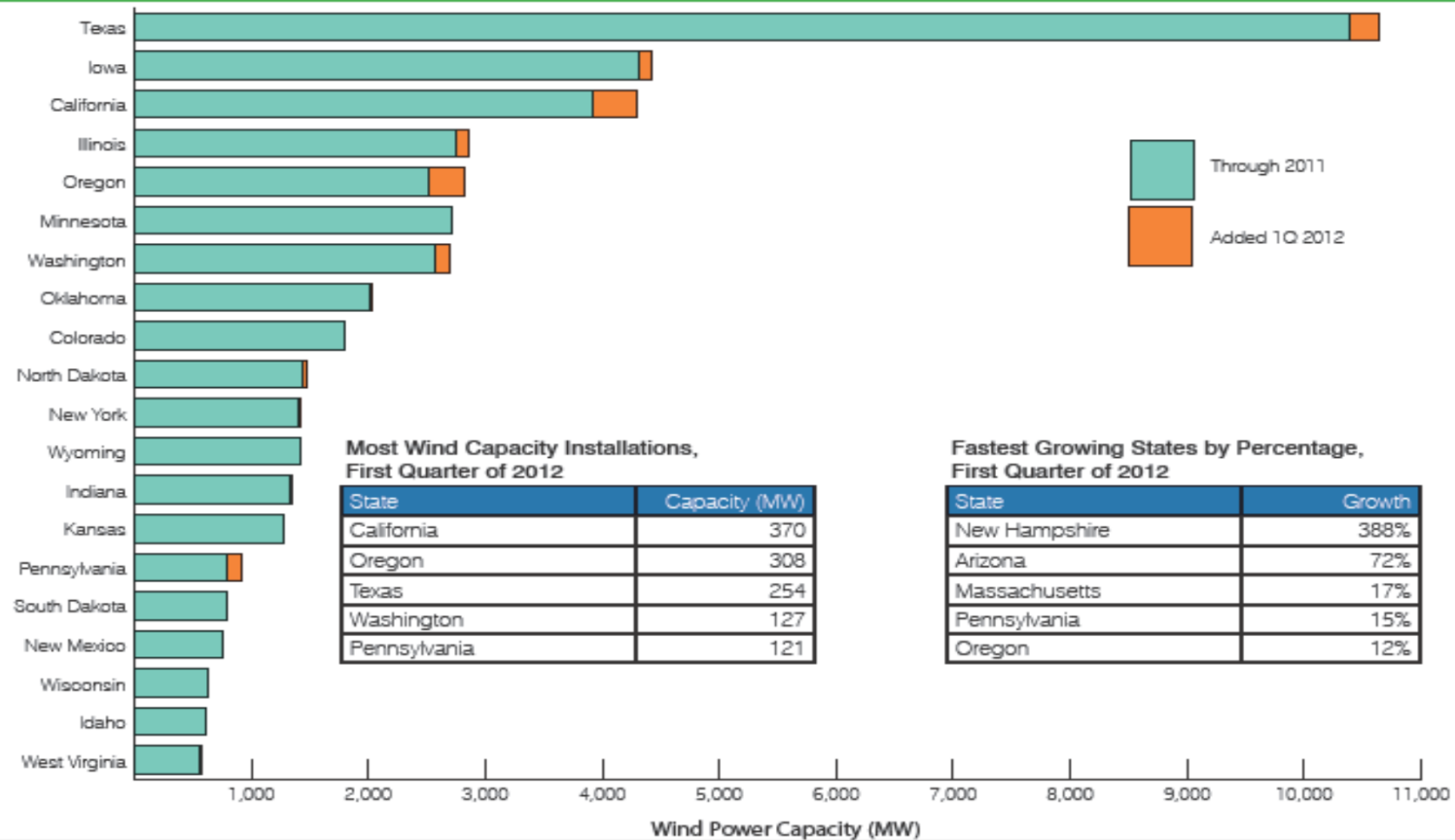
- ❖ Delaware
- ❖ District of Columbia
- ❖ Maryland
- ❖ New Jersey
- ❖ North Carolina
- ❖ Ohio
- ❖ Pennsylvania
- ❖ Virginia
- ❖ West Virginia



Backdrop for FERC Order 1000

- The transmission system in the U.S. is underbuilt.
 - 70% of transmission lines and power transformers are 25+ years old
 - Less than a dozen interstate transmission line projects have been constructed in the last 20+ years
- According to the AWEA, nearly 300,000 MW of wind capacity (an amount equal to 20% of U.S. generation) is being held up due to transmission system limitations.
- DOE/NREL report finds that 20% to 30% penetration of wind into the Eastern Interconnection by 2024 is “technically feasible.”
- FERC -- New transmission must be planned in a cost-effective and efficient manner “to satisfy reliability standards, reduce congestion, and allow for consideration of transmission needs driven by *public policy requirements* established by state or federal laws or regulations.” (emphasis added).

U.S. Wind Power Capacity Installations, Top States

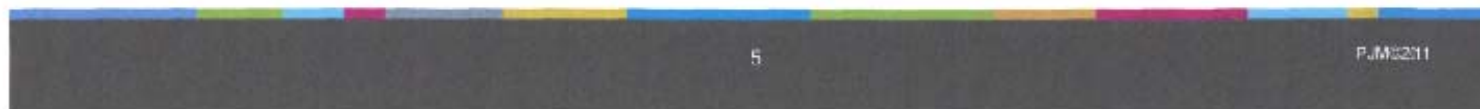
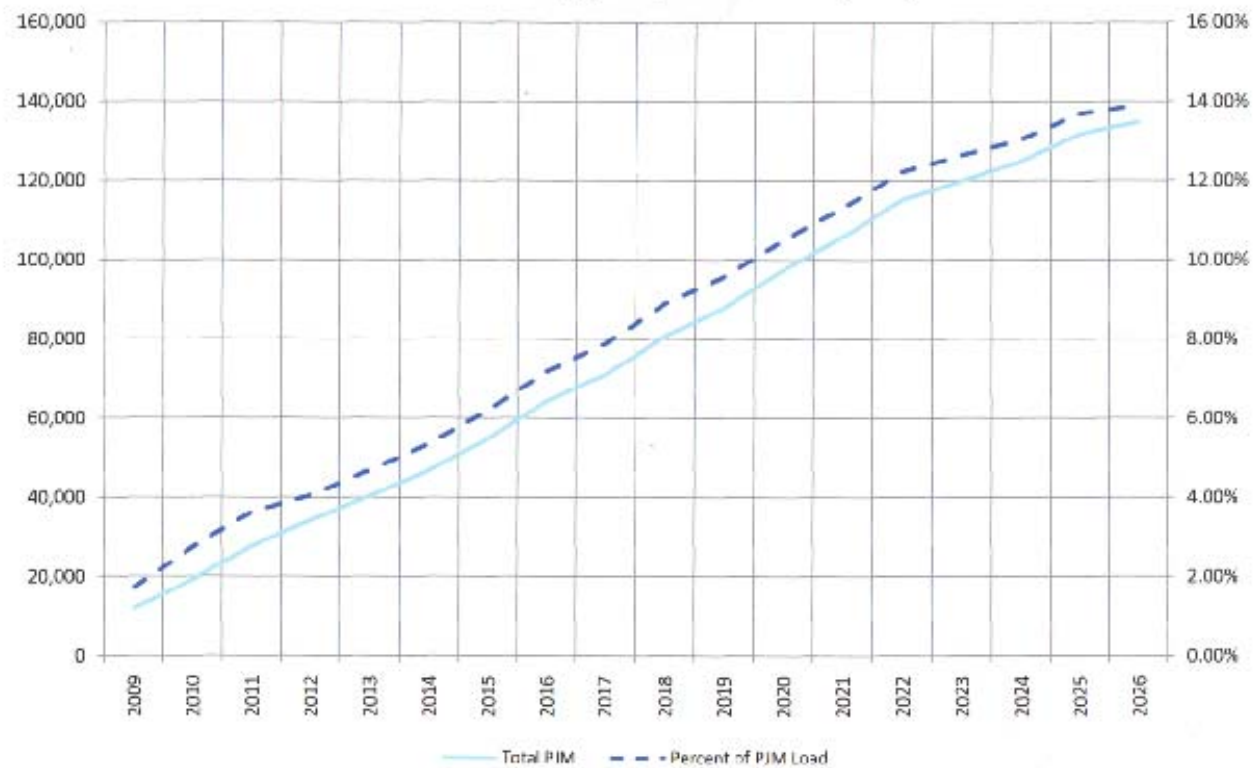


American Wind Energy Association | U.S. Wind Industry First Quarter Market Report 2012 | [Public Version](#) | 6



Total Renewable Energy Required

Renewable Energy Required in PJM (GWh)





FERC Order 1000

- Requirements:
 - Transmission planning region must consider state and federal policy requirements, like state enacted Renewable Portfolio Standards, when it plans transmission on a regional basis.
 - Cost-effective and efficient regional and interregional transmission planning processes for reliability, market efficiency and public policy driven projects.
 - Regional process must have a cost allocation method for new transmission facilities selected in the regional transmission plan – beneficiaries pays approach roughly commensurate with benefits; no participant funding.
 - Removal of any federal right of first refusal from Commission-approved tariffs and agreements for new transmission facilities selected in a regional transmission plan.
 - Compliance filings due October 11, 2012 and April 11, 2012.



FERC Order 1000

- PJM Process:
 - Stakeholder Process – Discussion of alternative approaches in order to comply with Order in advance of compliance filing dates.
 - PJM transmission owners ultimately agreed to an approach for efficiency and reliability projects - - public policy requirement not addressed.
 - Organization of PJM States, Inc. (OPSI) come to agreement on public policy requirement approach through a resolution with several states not supporting and/or dissenting.
 - Multi-driver approach being discussed in stakeholder process . This is developing transmission projects that are being built for multiple reasons, such as reliability, market efficiency and policy requirements. Currently, reliability is the primary and almost exclusive driver for projects planned in the regional planning process at PJM.



Where Should We Be Headed

- Public Policy Requirement- Needs to be included in PJM's Operating Agreement and Open Access Transmission Tariff. Should be part of baseline case – as such, states should have substantial input, but not veto power over projects.
- Multi-Driver Approach – MAREC supports this approach. There needs to be a holistic and comprehensive approach as opposed to project-by-project approach – top down planning to meet FERC's instruction that planning should be cost-effective and efficient.
- Cost Allocation- PJM Transmission Owner's cost allocation methodology is significant progress, but fails to address the public policy requirement. Specifically, in Order 1000-A, FERC indicated that it “expect[s] that the planning process required by Order No. 1000 will help identify efficient or cost-effective transmission projects that address the transmission needs of load-serving entities and their customers, whether they are driven by reliability, economics, or public policy requirements.”

Mid-Atlantic Renewable Energy Coalition



Bruce Burcat
Executive Director
Mid-Atlantic Renewable
Energy Coalition
(302) 331-4639
bburcat@marec.us