



Order No. 1920

Regional Planning and Cost Allocation Rule

What is Order No. 1920?

In May 2024, the Federal Energy Regulatory Commission (FERC) finalized its long-term regional transmission planning and cost allocation rule to strengthen the grid to meet future demand.

Why is it needed?

Nearly all aspects of modern life depend on a robust and reliable power grid. However, FERC's last major update to transmission planning requirements — Order No. 1000 — came more than a decade ago. The energy grid is in a much different place today: new customer demands are rising fast and are expected to double by 2028; the generation resource mix is changing due to utility goals, corporate commitments, and state laws; and extreme weather creates challenges in keeping the lights on.

The U.S. is divided into a dozen transmission planning regions. Effective planning spans beyond individual utilities, distributes costs regionally, and can save customers up to \$300 per year, compared to energy development without adequate planning.

Order No. 1920 bolsters long-term planning requirements, specifies the economic and reliability benefits of a resilient grid, and provides flexibility to regions to ensure the grid is able to meet future energy needs efficiently.

What is in the rule?

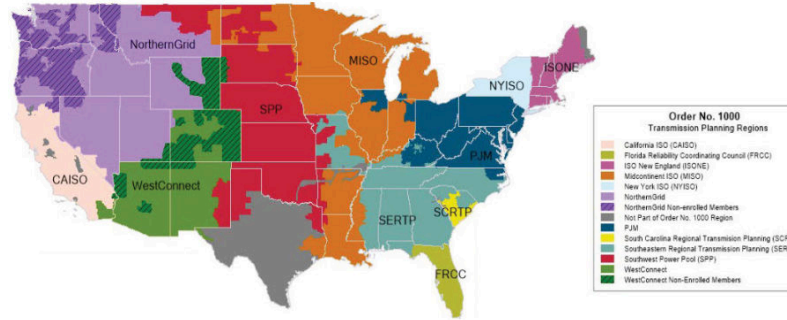
Transmission planning and development can take many years to complete, so forecasts of energy supply and demand should be robust and planning must begin now.

FERC's latest rule requires transmission operators to:

- Produce a 20-year regional transmission plan to identify long-term needs and facilities.
- Conduct planning every five years using at least three diverse scenarios with the best available data.
- Apply seven specific benefits to assess the efficiency and cost-effectiveness of regional proposals.
- Allow states and interconnection customers to fund transmission facilities that don't meet selection criteria.
- Reevaluate selected transmission facilities if there are delays or cost overruns.
- Consider the use of Grid Enhancing Technologies.

Due to potential legal challenges, the timeline for compliance is uncertain. However, barring delays, grid operators must submit compliance tariffs by spring 2025 and begin the first planning cycle in spring 2026.

Federally-Approved Transmission Planning Regions

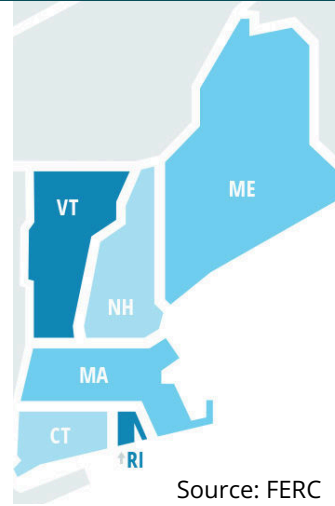


SCAN THE
BARCODE TO
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FINAL RULE



STATE OF TRANSMISSION PLANNING

In recent years, New England's transmission planning has been reactive, focusing on reliability rather than proactively addressing future needs. Although the region built a significant amount of transmission in the early 2000s — reducing congestion in energy and capacity markets and providing additional headroom — the Independent System Operator of New England (ISO-NE) conducts separate reliability, economic, and public policy studies, limiting the buildout of lines that achieve maximum benefits.



Source: FERC

DID YOU KNOW?

ISO-NE's 2050 Transmission Study suggests that 50% of New England's transmission lines could potentially be overloaded by 2050.

Transmission expansion is crucial for accommodating new generation, particularly in remote areas like Northern Maine.

Longer-Term Planning: ISO-NE's Regional System Plan dictates regional transmission planning every three years over a 5-to 10-year horizon, but does not yet include extreme weather scenarios. In response to the New England States Committee on Electricity (NESCOE) recommendations, ISO-NE recently revised its Open Access Transmission Tariff to introduce a new transmission planning process beyond the 10-year horizon. This process includes routine scenario-based studies, with the first phase establishing rules for state-requested studies. The second phase focuses on facilitating state-driven projects and determining cost allocation.

ORDER NO. 1920 COMPLIANCE

What is ISO-NE Doing Well?

- In 2024, ISO-NE issued the first longer-term study of its type within New England, called the 2050 Transmission Study.
- ISO-NE requires certain projects to submit a Transmission Cost Allocation (TCA) Application for cost review. If there's a 10% change in costs or a material change in project design, resubmission is required. This could be adapted to meet Order No. 1920's reevaluation process.
- In May 2024, ISO-NE filed its Phase 2 Longer-Term Transmission Planning tariff changes with FERC.

What Does ISO-NE Need to Change?

- A 20-year planning horizon; ISO-NE uses a 10-year planning horizon and isn't required to use long-term planning scenarios.
- A multiple-value transmission planning approach examining a portfolio of projects to evaluate benefits and calculate benefits.
- Ensure provisions related to competition meet the requirements in Order No. 1920.
- Encourage flexibility to examine partial solutions and collaboration among developers.

NEXT STEPS:

1. ISO-NE proposes changes to its Open Access Transmission Tariff (OATT) in collaboration with stakeholders.
2. Technical committees review the proposal and interested parties provide feedback and suggest modifications.
3. Once refined, the draft is presented to the Participants Committee, requiring a vote.
4. Approved proposals are submitted to FERC. Barring delays, such as rehearing or legal challenges, compliance tariffs should be submitted to FERC in spring 2025.
5. FERC reviews the submission, takes public comments, and may request additional information, to which ISO-NE will respond and additional public comment will be received.
6. FERC issues an order on the proposal.
7. If approved, ISO-NE implements changes and updates interested parties and systems.
8. Without delays, by spring 2026, the first planning cycle will start.