



# FERC's Regional Planning and Cost Allocation Rule

## WHAT DID FERC DO?

After more than two years of consideration, the Federal Energy Regulatory Commission (FERC) finalized its long-term regional transmission planning and cost allocation rule on May 13, 2024.

## 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 policies — Order No. 1000 — came more than a decade ago, and the energy grid is in a much different place today.

The U.S. is divided into a dozen transmission planning regions, each handling strategy, development, and grid management. Effective planning spans beyond individual utilities and distributes costs regionally.

This new rule, which bolsters long-term planning requirements and lays out what constitutes benefits of a reliable grid, helps grid planners and operators more efficiently and reliably meet the transmission needs of the coming years.

## WHAT IS IN THE RULE?

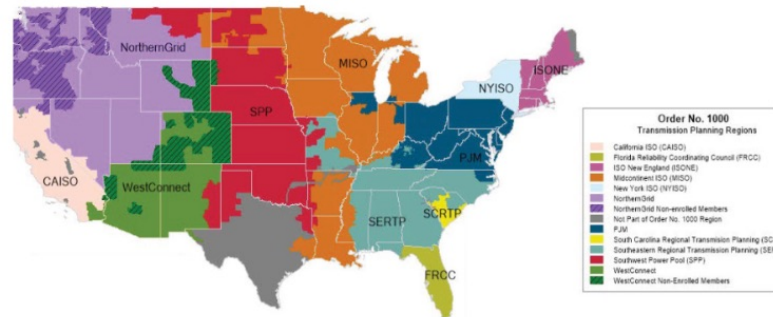
Transmission planning and development can take many years to complete. To meet future electricity needs, planning must begin now.

FERC's latest rule aims to address these gaps by requiring 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.
- Include an evaluation process to select long-term regional transmission facilities.
- 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 rehearing and legal challenges, the timeline for compliance is uncertain. However, barring delays, grid operators will submit compliance tariffs by spring 2025, with the first planning cycle starting by spring 2026.

Federally-Approved Transmission Planning Regions



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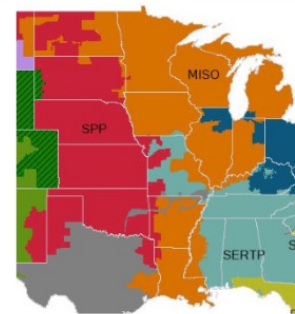


# Transmission Planning in MISO



The Midcontinent Independent System Operator (MISO) — and the states and utilities within MISO's borders — have developed a reputation for strong collaborative transmission planning. The MISO Transmission Expansion Plan (MTEP) annually addresses both local and near-term needs through projects that typically go into service within 3-5 years of approval.

More than a decade ago, MISO undertook the Multi Value Projects (MVP) initiative under MTEP, which demonstrated effective scenario-based planning to improve transmission reliability and efficiency. The MVP included projects like CapX2020 and RGOS, employing “least-regrets” comprehensive regional network solutions rather than incremental upgrades, thereby reducing generator interconnection costs and providing numerous quantified benefits.



Source: FERC

**Longer-Term Planning:** For managing longer-term regional needs, MISO initiated the Long Range Transmission Plan (LRTP). The LRTP develops future scenarios to address uncertainties and plan transmission investments over the next 20 years, focusing on changes in the resource mix, extreme weather events, and the integration of state and utility clean energy goals.

## ORDER NO. 1920 COMPLIANCE

### What is MISO Doing Well?

- Leadership in proactive multi-value transmission planning
  - MVP: Included CapX2020 and RGOS projects, which utilized “least-regrets” comprehensive regional network solutions, significantly reducing generator interconnection costs, and providing various quantified benefits
  - LRTP: Excellent example of scenario-based planning that considered a wide range of factors
- 20-year planning horizon
- Comprehensive planning process that involves interested parties
- The Joint Targeted Interconnection Queue (JTIQ) process with SPP could result in a first-of-its-kind interregionally-planned portfolio
- One of the largest transmission expansions currently planned in the United States

### What could MISO do better?

- No cost allocation and relatively little transmission planning in MISO South (Tranche 3 plans to address transmission planning)
- Needs to incorporate transmission identified in generator interconnection process into transmission planning
- Needs to create voluntary funding process

### Next Steps:

- 1) Transmission planning region staff propose revisions to the Open Access Transmission Tariff (OATT) with stakeholder input.
- 2) Relevant committees review the proposal.
- 3) Once approved, the transmission planning regions submit their tariffs to FERC for review and public comment.
- 4) FERC issues an order approving, modifying, or rejecting the changes.
- 5) If approved, the transmission planning regions implement the revised tariff, update documentation, and inform stakeholders. Barring delays, such as rehearing or legal challenges, grid operators will submit these tariffs by spring 2025, with the first planning cycle starting by spring 2026.