

# MEMORANDUM

September 28, 2007

**To:** CEAB and ASWG  
**FROM:** La Capra Associates Project Team  
**SUBJECT:** *FERC Order 890: ISO-NE's Proposed "Attachment K"*

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## **I. Introduction**

On September 14, 2007, ISO-NE issued a proposed draft of Attachment K to its Open Access Transmission Tariff ("OATT"). Attachment K details the planning process by which the ISO's regional system plans will be developed. The FERC has stated that, once approved, Attachment K will be incorporated into the ISO's OATT as part of the Order 890 process.

The basic approach of the proposed, future regional system planning process, as described in Attachment K, is largely unchanged relative to the process that existed when Order 890 was issued last February. Nonetheless, we see some progress regarding certain issues important to the Connecticut Energy Advisory Board – i.e., in clarifying the treatment of non-transmission alternatives, local planning issues, and the opportunity for studies of potential market efficiency improvements. This memo identifies some of the notable proposed changes to the ISO's planning process, as contained in Appendix K. A number of these changes likely will be important in relation to future activities to coordinate regional planning and State integrated resource planning ("IRP") activities.

## **II. Revisions to Attachment K**

### Overview

ISO-NE refers to the process in Attachment K as ensuring reliability and compliance with national and regional standards "while accounting for market performance, economic and environmental considerations."

### Local System Planning Process

Attachment K incorporates a local system planning ("LSP") process. In keeping with Order 890 requirements, ISO-NE describes how local transmission planning processes (i.e., in addition to regional planning processes) will take place. Each Participating Transmission Owner ("PTO") will be responsible for administering an LSP process for its own local area transmission facilities. If generation and/or demand resources are identified that could affect planning, the PTO is directed to

consider such resources in assessing needs. The LSP process is required to provide sufficient information to allow Market Participants to determine if non-transmission alternative projects could meet an identified need, or could modify, offset, or defer the need for regulated transmission upgrades.

#### Subcommittee for Local Planning Activities

Attachment K provides that a subcommittee will be created of interested planning advisory committee (“PAC”) members for “advisory stakeholder input in the LSP process.” Meeting agendas and materials are to be created by affected PTOs and posted by ISO-NE in the same manner that information is posted for regional system planning meetings. It is expected that LSP meetings will take place at the end of PAC meetings, or at other times as needed. This provides local issues a forum that did not previously exist in ISO-NE’s planning process.

#### Needs Assessment

Attachment K contains language that clarifies that Needs Assessments will be initiated and conducted on a rolling basis, with the results “to-date” captured on a “snapshot” basis with the publication of each regional system plan (“RSP”). On a regular and on-going basis, the ISO will identify areas of potential problems with regard to reliability and the operation of efficient wholesale electric markets. Needs Assessments also will consider the potential offsets to needs, as may result from proposed market solutions including non-transmission projects such as demand-side projects, distributed generation and merchant or elective transmission. Consideration will be given to “resources...that have been selected in, and are contractually bound by, a state-sponsored request for proposals...”. The ISO also will identify any critical time constraints for addressing identified reliability needs.

#### Requests by Stakeholders for Needs Assessment for Economic Considerations

ISO-NE has added an opportunity for stakeholders to request a Needs Assessment for economic reasons. Attachment K states that the ISO will finance three such Economic Studies each year. The PAC will prioritize and recommend to the ISO the Economic Studies that are to be conducted each year.

#### Evaluation of the Adequacy of Proposed Solutions

ISO-NE has created “Solutions Studies” to replace “system enhancement and expansion studies.” Solutions Studies will consider whether regulated transmission projects are needed to ensure the reliability of the system (i.e., as a backstop to other resources).

#### Dispute Resolution

As required by Order 890, a dispute resolution process is outlined in Attachment K. This process is limited to certain key procedural and substantive decisions made by the ISO. Matters not within the scope include planning to serve native load or state siting issues. Transmission cost allocation matters would not be addressed through this process. Attachment K includes a list of “reviewable decisions” that would be subject to the dispute resolution procedures.

#### Supply of Information and Data Required for Regional System Planning

State employees and their consultants who have signed non-disclosure agreements will be provided access to a password-protected site that contains documents that have been identified as containing Critical Energy Infrastructure Information (“CEII”).

### Regional and Inter-Area Coordination

This section provides additional clarification regarding the coordination with local and inter-regional planning. The PTO's retain responsibility for the planning of non-PTF (pool transmission facilities) and local area facilities that are not included in the RPS process. Only non-PTF and local area facilities that are directly affected by PTF planning will be included in the regional planning process.

### Project List

Attachment K provides for a "Project List," which will provide limited information on all regulated transmission projects proposed in response to Needs Assessments. Listed projects will be identified as Transmission Upgrades, Market Efficiency Upgrades or LFTR-Related Upgrades and each project also will be characterized as conceptual, proposed, planned, under construction, or in-service.