
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

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FOR IMMEDIATE RELEASE

December 17, 2003
Docket Nos. ER03-1141-000, et
al. and EL03-222-000, et al.

COMMISSION APPROVES TRANSMISSION COST ALLOCATION PLAN FOR NEW ENGLAND REGION

The Federal Energy Regulatory Commission today accepted a proposal that allocates costs for transmission upgrades in the New England region, a move that will help further the Commission's goals to secure adequate infrastructure for the nation's electric markets.

In taking today's actions, the Commission said that the proposal is a "clear, transparent and non-discriminatory" method for allocating costs, consistent with the principles of open access transmission service.

The proposed transmission cost allocation (TCA) amendments, submitted by the New England Independent System Operator (ISO-NE) and the New England Power Pool (NEPOOL), result in a combination of participant funding and regional cost support. When beneficiaries can be identified, participant funding will apply. General enhancement of the transmission grid would be supported by the entire network of transmission customers.

The new guidelines will help provide greater certainty to investors in building needed infrastructure to ensure reliability in the region. The New England grid is highly integrated, the Commission noted, and transmission upgrades often provide diffuse network benefits to the entire grid.

The Commission has long advocated the use of regional approaches and has encouraged flexibility in finding solutions for regional markets. In its White Paper on Wholesale Market Platform issued earlier this year (Docket No. RM01-12), the Commission said that it would look to the regional transmission organization (RTO) or

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ISO and regional state committees to determine the appropriate regional approach for allocating the costs of new transmission, noting that there may be regional differences over the level of participant funding.

The Commission noted that there was widespread consensus among the market participants for the proposal. The cost of facilities that provide only local benefits, merchant transmission projects, and generator interconnection costs will be recovered through participant funding. The proposal rolls in the costs of upgrades for reliability and upgrades that provide economic benefits to the region as a whole when there is no participant agreement.

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