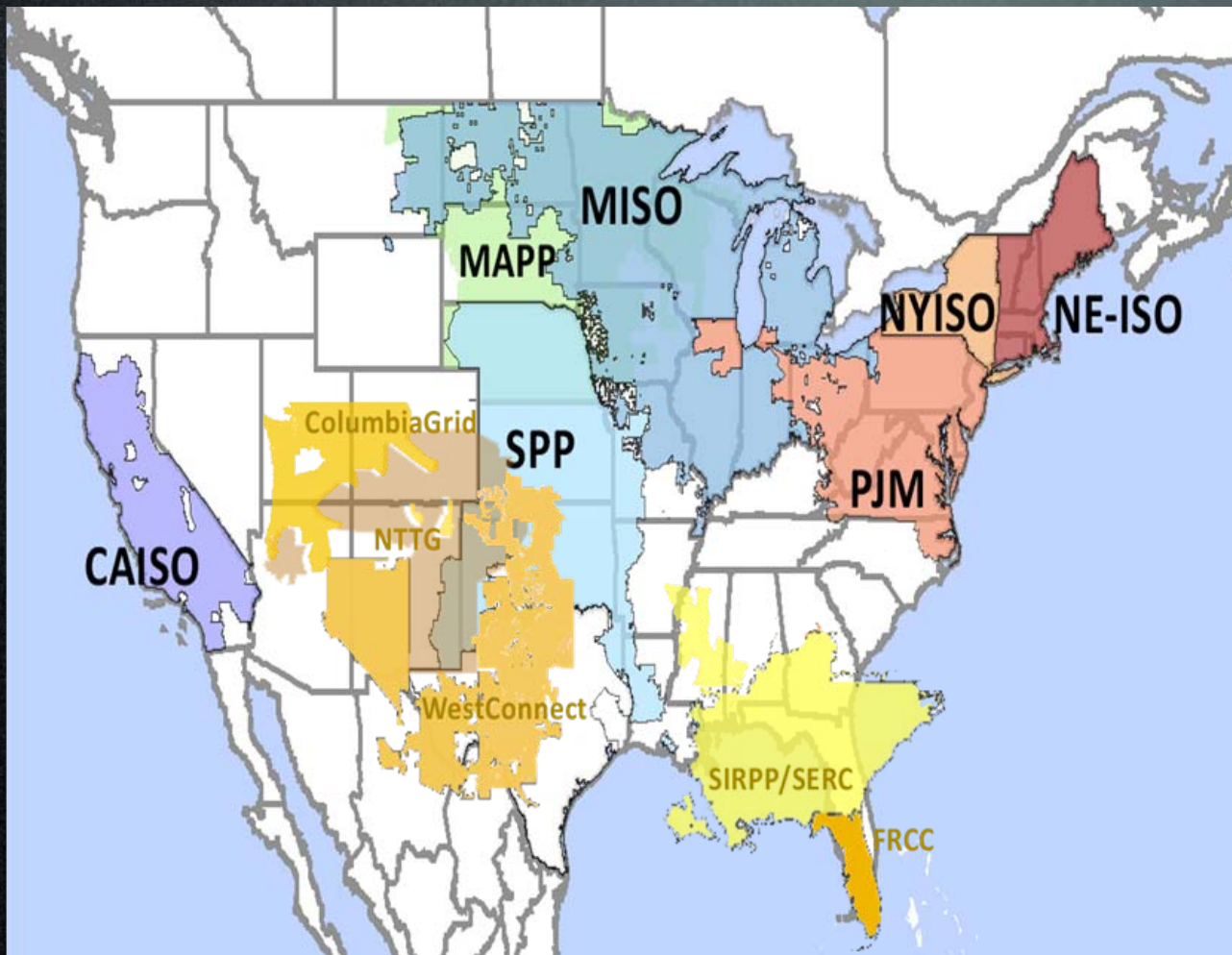


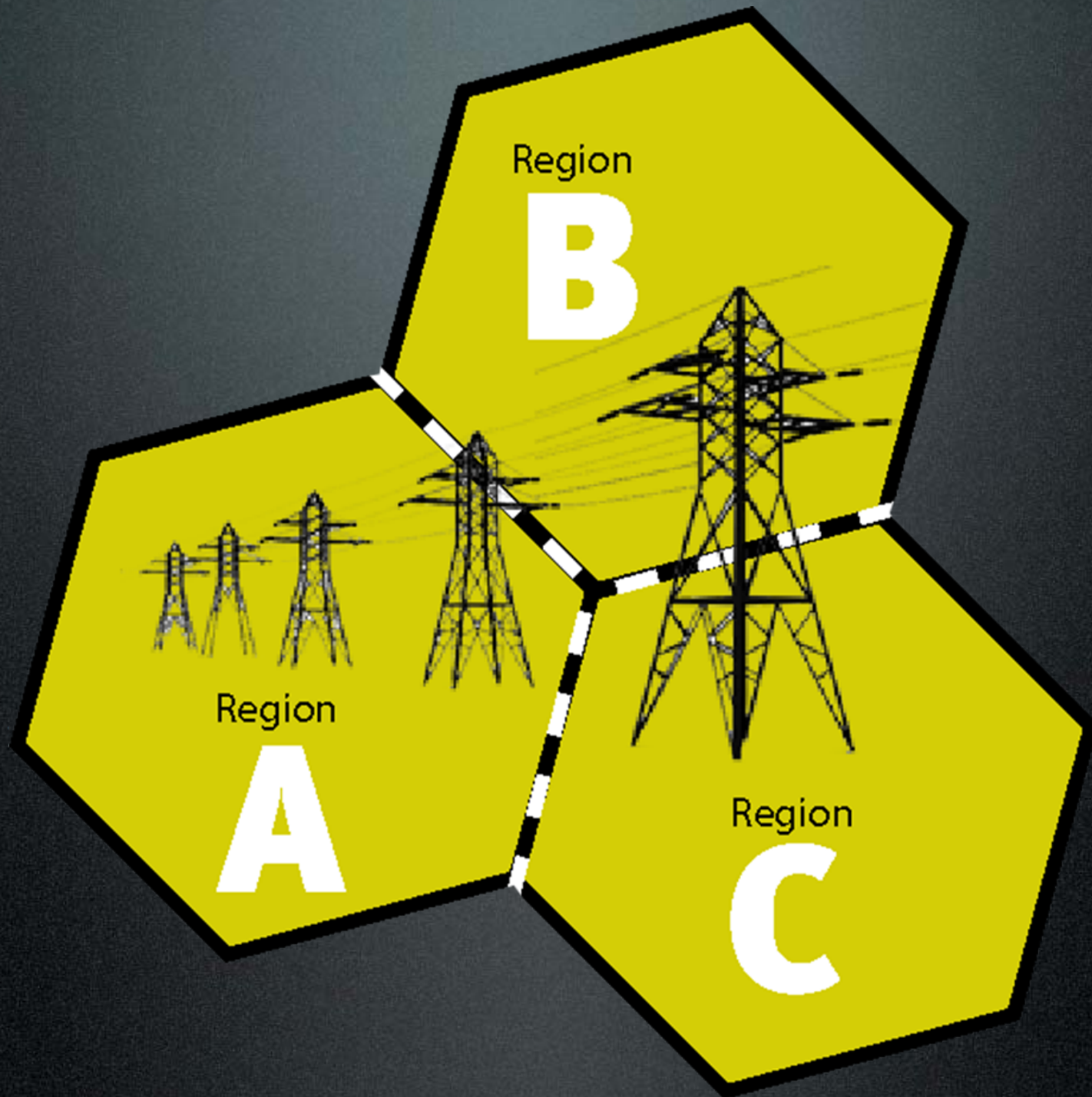
Purpose of the Transmission Planning and Cost Allocation NOPR

- FERC proposes *regions*, not interconnections, develop transmission *plans* and *cost allocation* methods that consider the *benefits* of new transmission facilities, including reliability, economics and complying with state/federal laws or regulations
- FERC also proposes to require each pair of *neighboring regions* to *coordinate* transmission planning and cost allocation



- Each region to propose its own cost allocation method
- FERC not requiring a one-size-fits-all approach
- Developing cost allocation must begin at regional level
- Region can't decide, then FERC decides

Some borders of transmission planning regions are approximate because not all transmission providers complying with Order No. 890 have a defined service territory.



Summary

- Building on existing regional process
- Not interconnection-wide
- Consider existing state and federal requirements
- Consider reliability and economic needs
- Determine regional cost allocation based on principles (e.g. no benefits, no costs)
- Involve merchants in planning for reliability reasons



