

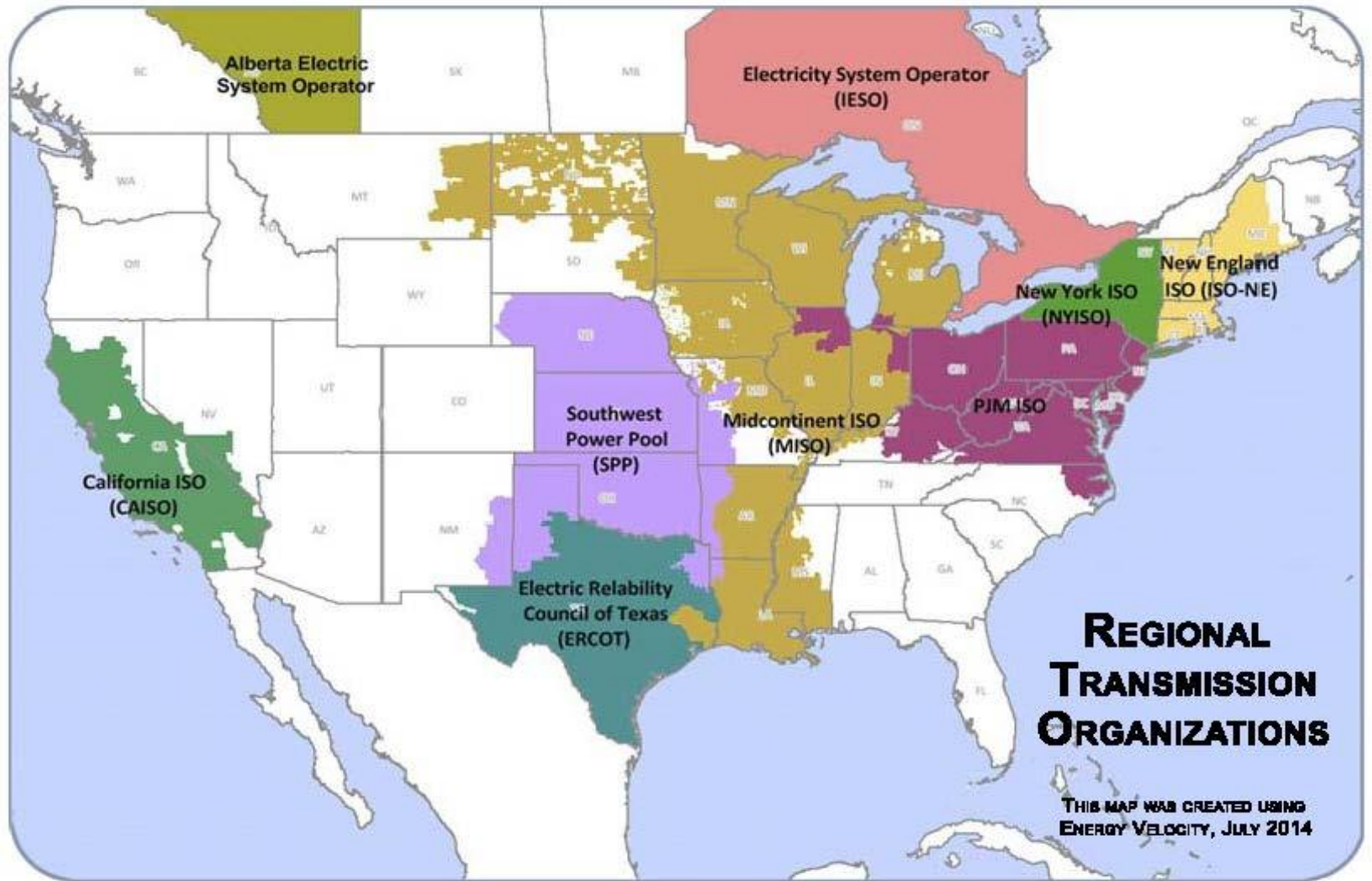
Transmission Development for a Changing Grid

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December 9, 2014
Presentation to NCSL Energy Supply Task Force



Key Terms

- Generation...Transmission...Distribution
- Regional Transmission Organization/Independent System Operator (RTO/ISO)



FERC and State Jurisdiction: Electricity

- FERC oversees
 - Wholesale sales of electricity
 - Reliability of the “bulk power system”
 - Transmission of unbundled electricity
 - Allocation of costs for interstate electric transmission
 - Licensing of non-federal hydro power
 - Capacity requirements for RTO/ISO
 - M&A activity (shared jurisdiction)
 - Market manipulation enforcement

FERC and State Jurisdiction: Electricity

- States Oversee
 - Retail Sales of electricity/structure of retail market in each state (restructured/unbundled vs. vertically integrated utility)
 - Permitting/siting of transmission & generation
 - Transmission of bundled retail electricity
 - M&A Activity (shared jurisdiction)
 - Other various public policies (renewable portfolio standards, RECs, PURPA – in conjunction w/FERC, integrated resource planning in some states)

Major Trends in Electricity

- Newfound supplies of affordable domestic natural gas
- Uncertain future with regard to electricity load growth
- Difficult regulatory environment for traditional fossil fuels (EPA regs)
- Increased reliance on variable energy resources (renewables) – because of both mandates and new technologies

FERC Order 1000

- An attempt to address concerns related to utility “silos” in an era of an evolving grid.
- Attempts to address 3 main areas:
 - Regional and interregional planning
 - Cost allocation
 - An opening for non-incumbent transmission providers

Recommendations

- Ensure your state is fully participating in regional transmission planning efforts & that your appropriate agencies have the resources to meaningfully do so.
- Modernize your transmission siting processes
 - Consider reasonable timelines
 - Ensure your siting statutes “make sense” given today’s energy reality.

Conclusion

- Thanks for the invitation to be with you today!

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