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Priorities for SPP's Compliance with FERC Order 1920

What are the most important items for states to support?

Why it matters

Significant investment in our outdated transmission grid is needed to maintain reliability and bring new, affordable clean energy online. Presently, much transmission spending is in local, near-term projects to meet immediate reliability needs rather than in interstate transmission that would bring regional benefits. The need to fix the current, poorly coordinated, just-in-time approach to transmission buildout and help states get more value from transmission spending is what led FERC to issue Order No. 1920. SPP is already a leader in regional transmission planning, having scored a C+ on a recent scorecard of regional transmission planning, which ranked it above most other regions.[1] SPP is also well underway on its own Consolidated Planning Process (CPP), an effort to improve transmission planning. **Continued progress on CPP and strong compliance with FERC's Order is critical to ensure improved regional planning and more cost-effective transmission buildout.**

To ensure strong compliance that maximizes benefits to the region, states can:

- Champion the strengths and importance of the order as an enabler of forward-looking regional transmission planning
- Ensure strong compliance and implementation by participating in state engagement opportunities that FERC requires transmission providers to make available to provide input on analysis and planning inputs, needs assessments, evaluation, and cost allocation
- Remain engaged in ongoing planning processes at Economic Studies and Transmission Working Groups as well as the Consolidated Planning Process Task Force
- Exercise strong oversight of utility planning to ensure that transmission needs are addressed by regionally planned, competitively bid lines whenever possible

[1] https://www.cleanenergygrid.org/portfolio/transmission-planning-development-regional-report-card/

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This document summarizes key opportunities for state action and identifies the major differences between the requirements of FERC Order 1920 and SPP's current transmission planning process.

What should states advocate for as SPP undergoes compliance?

- Ensure continued progress on existing transmission planning processes including:
- Finalization of SPP's Consolidated Planning Process (CPP). This approach could potentially go further in some ways than Order 1920 to improve both transmission planning and generator interconnection processes through holistic planning to co-optimize all future needs rather than siloing by economic or reliability needs. The CPP will improve planning and cost certainty by implementing a regional entry fee for all generation interconnection customers. This fee will support the buildout of the transmission system as identified in the long-term planning process, ensuring that costs are roughly commensurate with benefits.
- Continue interregional planning beyond the Joint Targeted Interconnection Queue (JTIQ) portfolio.
- Urge SPP to adopt the following priority improvements to its long-term transmission planning process, as part of Order 1920 compliance:
    - Expand its 20-year assessment beyond use for solely informational purposes to actually evaluate and select transmission facilities to meet identified needs
- Improve forecasts to better assess future needs, including load growth and increased renewable penetration
    - Support consolidation of planning zones into sub-regions to spread costs across a wider area, provide a broader alignment of costs and benefits, and allow for the allocation of costs and benefits for certain generator interconnection upgrades
- Build upon conversations around Grid Enhancing Technologies (GETs) to develop and implement policy requiring evaluation
- Ensure that SPP relies on, rather than just considers, benefits of identified transmission facilities and/or portfolios, as required by Order 1920

How does SPP's current planning process line up with the FERC Order?

Issue	FERC Order	SPP's Current Rules
Long-term Regional Planning	Evaluation of three future scenarios that consider seven factors driving transmission needs, with an extreme weather sensitivity. Minimum 20-year planning horizon. Requires that transmission providers take state input into scenarios and factors, and that they conduct a "reasonable number" of additional scenarios/analyses requested by states.	Evaluation of a maximum of five scenarios (generally has not considered more than two). Annual evaluation of two, five, and ten-year horizon; 20-year horizon every five years. Considers some but not all seven factors, such as generation fleet trends, load growth assumptions, fuel price trends, and assumptions, recommendations regarding environmental policies, and penetration of new technologies.
Benefit evaluation	Mandatory consideration of each of the following 7 benefits over a 20-year horizon: (1) avoided or deferred reliability transmission facilities and aging infrastructure replacement, (2) reduced loss of load probability or reduced planning reserve margin, (3) production cost savings, (4) reduced transmission energy losses, (5) reduced congestion, (6) mitigation of extreme weather events, (7) capacity cost benefits from reduced peak energy losses.	SPP's Integrated Transmission Plan assessment benefit metrics include: adjusted production cost (primary benefit relied upon for decision-making), savings due to lower ancillary service needs and production costs, avoided or delayed reliability projects, marginal energy losses benefit, capacity cost savings due to reduced on-peak transmission losses, reduction of emission rates and values, public policy benefits, assumed benefit of mandated reliability projects, mitigation of transmission outage costs, and increased wheeling through and out.
Project Selection	Must create transparent evaluation process and selection criteria using benefit-cost ratios, net benefits, least regrets, weighted benefits, and/or some	Stakeholders can review economic, reliability, policy, and operational list of needs; after identifying needs, SPP opens a 30-day window for stakeholders to submit solutions, which

	other method, propose additional qualitative and quantitative criteria, and maintain a minimum benefit-cost ratio of 1.25 to 1. Project selection is up to the transmission provider and selection of any project is not required; decisions must be explained in detail.	are then used to develop a portfolio. Project selection relies primarily on Adjusted Production Cost benefits; other metrics are considered mostly for informational purposes.
Cost allocation	Must have at least one *ex-ante* cost allocation method(s) on file. Six-month "engagement period" during compliance process allows states to develop an ex-ante method(s) and/or a State Agreement Process, whereby states can develop an alternative cost allocation after project(s) selection. Transmission providers must (1) file states' preference (even if they propose a different *ex-ante* method(s)) and (2) participate during the six-month "engagement period," prior to compliance filings, when states finalize their preferred cost allocation.	300 kV+ facilities are allocated 100% on a regional, postage-stamp basis; 100-300kV are allocated 33% on a regional, postage-stamp basis and 67% allocated to the SPP pricing zone where the facilities are located; and below 100 kV are allocated 100% to the zone where the facility is located.
Consideration of Grid-Enhancing Technologies	Must consider dynamic line ratings, advanced power flow control devices, advanced conductors, and transmission switches for new and upgraded facilities.	SPP has not formally incorporated any requirements for GETs into its ITP, although stakeholders can submit non-transmission solutions. ITP manual specifies Flexible AC Transmission Systems and Power Flow Controllers can be used as non-transmission solutions, but Dynamic Line Ratings do not meet the manual's definition

		[section 5.1.1.2 Non-Transmission Solutions].
Interconnection-Related Network Upgrades	Must consider certain network upgrades originally identified through generator interconnection process as part of Order No. 1000 planning process	Generally, does not apply to interconnection – base model only includes pending generation resources under stringent circumstances, such as having a Generator Interconnection Agreement.
Transparency and Tie-in with Local Planning and Interregional Planning	Must increase transparency of local planning inputs; must evaluate right-sizing lines; right of first refusal (ROFR) for right-sizing projects; requires integration and coordination of existing interregional transmission plans.	Regional and local planning occur simultaneously, with numerous committees and working groups dedicated to stakeholder engagement. Interregional Planning is performed bi-annually at a minimum with MISO and AECI via Joint Operating Agreements (JOAs), but with little coordination with TVA and Southern Company. The JTIQ projects (approved by FERC in 2024) offer a new precedent for interregional coordination. When RTO West goes live in 2026, new interregional planning process will be needed in the West.