

High-Level Summary of FERC Order No. 1920 on Transmission Planning and Cost Allocation

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On May 13, the Federal Energy Regulatory Commission (FERC or Commission) released its Order No. 1920 (Final Rule) to reform its policies regarding Regional Transmission Planning and Cost Allocation. The Final Rule follows from a Notice of Proposed Rulemaking (NOPR), which itself follows an Advanced Notice of Proposed Rulemaking on these reforms, which FERC issued in April 2022 and July 2021, respectively. Representing FERC's most significant action on transmission planning and cost allocation in more than a decade, the Final Rule establishes the following reforms, which are discussed further below:

- **Long-Term Regional Transmission Planning:** The Final Rule requires transmission providers to engage in long-term planning processes over a 20-year timeframe and evaluate transmission needs-driven due to changing resources and demands. The Final Rule does not require the selection or construction of any particular project.
- **Transmission Cost Allocation and State Participation/Agreement:** FERC did not adopt the NOPR proposal to require transmission providers to obtain state agreement on a cost allocation method, but does require a six-month "engagement period" with relevant state entities to serve as a forum for negotiation on a cost allocation method. Additionally, the Final Rule requires that transmission providers file an *ex ante* "backstop" cost allocation method regardless of whether an agreement with state entities can be reached during the prescribed engagement period.
- **The Coordination of Regional Transmission Planning and Generator Interconnection Processes:** The Final Rule requires transmission providers evaluate regional transmission facilities to address interconnection-related transmission needs.
- **Dynamic Line Ratings and Advanced Power Flows Devices:** The Final Rule requires transmission providers in each transmission planning region to consider whether selecting transmission facilities that incorporate dynamic line ratings and advanced power flow control devices would be more efficient or cost-effective than selecting transmission facilities that do not incorporate these technologies.
- **Construction Work in Progress (CWIP) Incentive:** FERC does not adopt the NOPR proposal to restrict the availability of the CWIP Incentive for Long-Term Regional Transmission Facilities.
- **Federal Right of First Refusal (ROFR):** FERC does not adopt the NOPR proposal to establish a federal ROFR or any changes to Order No. 1000's nonincumbent transmission developer reforms, but did adopt a narrow ROFR for certain "right-sized" replacement facilities.
- **Transparency and Coordination:** The Final Rule requires enhanced transparency and coordination requirements within, and between, regional and local transmission planning processes so as to "right-size" replacement transmission facilities.

A copy of the Final Rule can be found [here](#). The Final Rule becomes effective 60 days from the date of publication in the *Federal Register*. Compliance filings are due within 10 months of the Effective Date of the Final Rule, except

for compliance filings regarding interregional transmission coordination requirements, which are due within 12 months of the Effective Date.

To read the full summary, please click [here](#).

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