Articles + Publications | May 28, 2024

# Locke Lord QuickStudy: ?Planning for a Decarbonized Future: ?FERC Grid Rule Targets Accelerated Clean Energy ?Buildout, ?Reliability

Locke Lord LLP

**WRITTEN BY**

Case Towslee | Josh Kaplowitz | Shane P. Early | Jennifer Brough

**RELATED OFFICES**

Houston

On May 13, 2024, the Federal Energy Regulatory Commission ("FERC") by a 2-1 vote took decisive action to implement new transmission planning and cost allocation regimes through the adoption of FERC Order No. 1920 (the "Rule"). The Rule is the culmination of a multi-year effort to incentivize long-range thinking from transmission owners, regional transmission organizations ("RTOs"), and states in order to further ramp up the deployment of electricity generation from wind, solar, and other renewable resources and accelerate decarbonization of the nation's transmission grid. As a nod to its significance, FERC chose the number 1920 to acknowledge the year FERC's predecessor agency, the Federal Power Commission, was formed and the year of the implementation of the Federal Power Act.

In the recent past, the vast majority of transmission construction and funding has historically been authorized in response to applications for interconnection from specific generation projects. This is the first time in history that FERC has mandated a top-down approach requiring parties to look out over the horizon, predict future transmission needs, and act accordingly. The Rule provides specific parameters that transmission providers must follow with respect to long-term planning for grid infrastructure, and adopts a revised framework with respect to the cost allocation associated with the grid overhaul. Transmission providers must now consider and anticipate long term grid requirements and associated facility needs via a mandated twenty (20) year forecast. The prescribed outlook must be updated at least once every five (5) years using a diverse set of factors and scenarios, including applicable laws and regulations, integrated resource plans, fuel costs, policy goals, and corporate commitments.

The planning necessitated by the Rule is wide-ranging and implicates numerous considerations necessary for long term reliability and cost-effective development, including:

- The application of seven specific benefits[1] to determine whether any identified regional proposals will efficiently and cost-effectively address long-term demand;
- Expanded evaluation procedures to ensure forward-thinking planning goals are considered and eventually achieved;
- Revised funding procedures that allow states and interconnection customers to pay for infrastructure projects that would otherwise not fit the transmission provider's selection criteria;
- Considerations on cost overruns, generation interconnection related needs, and encouraging the use of "Grid Enhancing Technologies" (i.e., dynamic line ratings, advanced power flow control devices, advanced

©2026 Troutman Pepper Locke

conductors (a.k.a. high-capacity wires) and transmission switching);

- Added transparency concerning local transmission planning, including public meetings during the regional planning cycle; and
- “Right sizing” existing facilities to increase capacity and revamping existing interregional transmission coordination processes to reflect the forward-thinking reformations required by the Rule, including certain rights of first refusal to incumbent transmission owners to replace or revitalize the outdated transmission assets.

The Rule also takes affirmative steps to adopt a proactive policy on cost allocation to pay for the future infrastructure upgrades. Prior to submitting compliance filings with respect to selected grid projects, transmission providers must hold a six-month engagement period with state entities regarding cost allocation methods and/or a state agreement process. States continue to have a seat at the table for cost allocation discussions, but unanimous approval from states is not required for FERC and RTOs to move forward with a cost allocation agreement.

FERC states that they expect the Rule’s planning overhaul and infrastructure upgrades to accelerate wind and solar developers’ ability to get their projects online. Project developers are currently at the mercy of grid queues and inefficient connection procedures in many electrical markets.

In a strongly worded dissent, Commissioner Mark Christie (a former Virginia state regulator) asserted that FERC unlawfully undermined state authority by, among other things, barring them from opting out of transmission projects they don’t support. This dissent portends a likely array of legal challenges to the Rule. In the meantime, the Rule takes effect 60 days after it is published in the Federal Register. First compliance filings are due within ten months of the Rule’s publication, while filings to comply with the interregional transmission coordination requirements are due within twelve (12) months of the effective date. These deadlines foretell a busy, and perhaps chaotic, next year for transmission and generation developers as they work with states and RTOs to unpack the full implications of this new Rule and ensure it achieves the desired goals.

Please contact Locke Lord’s energy regulatory team if you have questions about what FERC Order No. 1920 might mean for your project.

—

[1] The seven benefits are: 1) avoided or deferred reliability transmission facilities and aging infrastructure replacement, 2) either reduced loss of load probability or reduced planning reserve margin, 3) production cost savings, 4) reduced transmission energy losses, 5) reduced congestion due to transmission outages, 6) mitigation of extreme weather events and unexpected system conditions and 7) capacity cost benefits from reduced peak energy losses.

**RELATED INDUSTRIES + PRACTICES**

- Energy
- Renewable Energy

©2026 Troutman Pepper Locke