



# **Pennsylvania Public Utility Commission**

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Chairman**

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How are the Pennsylvania Commission and the Federal Government addressing the issue of security of supply in short-, mid-, and long-term?





# Federal Energy Policy Act of 2005

- The Federal Energy Policy Act of 2005 was signed into law August 8, 2005
- EPACT includes certain provisions that may change the way states regulate energy related activities
- Perhaps the most significant change involves the siting of electric transmission lines
- Historically, the location for transmission lines was subject to the approval of state regulators
- EPACT allows the Department of Energy to designate areas of the U.S. as "national interest electric transmission corridors" in order to relieve transmission congestion, which contributes to higher prices
- This provision allows the federal government to potentially override state and local regulators who object to the construction of new transmission lines in these corridors
- The provision may be applied to transmission line projects being considered for Southeastern and Southwestern Pennsylvania



# National Interest Electric Transmission Corridor (NIETC)

- In accordance with section 216(a) of the Federal Power Act, the U.S. Department of Energy (DOE) issued an order on October 2, 2007, for two National Interest Electric Transmission Corridor (National Corridor) designations.
- The report and order designates two national corridors: The Mid-Atlantic Area National Interest Electric Transmission Corridor (Docket No. 2007-OE-01); and the Southwest Area National Interest Transmission Corridor (Docket No. 2007-OE-02).
- The designations are effective October 5, 2007 and will remain in effect until October 7, 2019 unless the DOE rescinds or renews the designation after notice and opportunity to be heard.
- The effect of a National Corridor designation is to delineate geographic areas within which, under certain circumstances, the FERC may authorize "the construction or modification of electric transmission facilities." FPA section 216(b), 16 U.S.C. 824p(b).





# Transmission Cost Allocation

- 500kV and above facilities under Order No. 494:
  - The cost of 500 kV and above facilities (“Regional Facilities”) and “Necessary Lower Voltage Facilities” are allocated to the transmission zones on a load ratio share basis adjusted annually.
  - Necessary Lower Voltage Facilities are facilities that “must be constructed or strengthened to support new Regional Facilities.”
  - Radial lines and transformers with their low-side under 500 kV are not Necessary Lower Voltage Facilities.
  - Applies to both reliability and economic RTEP projects.



## Transmission Cost Allocation (Continued)

- Facilities below 500 kV under the recently filed settlement:
  - Refines the beneficiary pays cost allocation methodology for all facilities below 500 kV set forth in the PJM OATT.
  - Provides for allocation of costs using distribution factor (DFAX) analysis for both economic and reliability projects for all projects that exceed \$5 million in estimated costs.
  - Allows for consideration of LMP benefits in allocation process for economic acceleration projects.





# Critical Infrastructure

- Critical Infrastructure Protection
- Role of the Commission with respect to utility security
- Cross-Sector Interdependencies
- Pennsylvania Regional Task Force Meetings
- Communication