

Resolution Encouraging Development of Regional Transmission Groups

WHEREAS, With the enactment of the Energy Policy Act of 1992 (EPAct), Congress greatly expanded the authority of the Federal Energy Regulatory Commission (FERC) to order utilities that own electric transmission facilities to provide wholesale transmission services to transmission dependent utilities, independent power producers, and other utilities; *and*

WHEREAS, The wholesale bulk power markets within and across which these transmission services are provided now operate on a regional basis in many areas of the country; *and*

WHEREAS, During Congress' consideration of the EPAct, many of the parties affected by FERC's new transmission authority had worked to develop a package of legislative amendments to specifically authorize voluntary regional transmission groups (RTGs), which, although not enacted, provided the basis for FERC's issuance of an RTG policy statement on July 30, 1993; *and*

WHEREAS, FERC's policy statement is intended to encourage the development of RTGs to facilitate the provision of transmission services within a region and to resolve disputes over such services, consistent with the requirements of the Federal Power Act (FPA) as amended by EPAct; *and*

WHEREAS, Although regional transmission agreements are now under development in some areas of the country, it has been suggested that State commissions should take more direct action to encourage the utilities they regulate to implement RTGs; *and*

WHEREAS, The National Association of Regulatory Utility Commission (NARUC) has supported the development of voluntary regional regulatory approaches to regional issues, provided that they are consistent with the requirements of State laws and regulations; *now, therefore, be it*

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1994 Winter Meetings in Washington, D.C., hereby expresses its strong support for the development of RTGs in appropriate geographic regions, and recommends that individual State commissions encourage the formation and efficient operation of RTGs, consistent with the FERC policy statement and the following principles:

1. Membership in RTGs should be broad, and participation, including governance and access to system information, should be on a non-discriminatory basis. All entities within a region who are eligible to request an FERC transmission order under section 211 of the FPA, as amended by EPAct, must be eligible to participate;

2. Each RTG must clarify the role of State commission participation in its formation and operation in a manner consistent with applicable State law. RTG agreements must provide effective means for consultation with State regulatory, planning, and siting authorities;
3. Effective regional transmission arrangements will require consistent decisions and actions by State and Federal regulators. FERC and State commissions should work towards more effective coordination of their roles in areas affecting the formation and operation of RTGs;
4. RTGs will be most effective if they are able to address transmission issues comprehensively. Accordingly, to the maximum extent possible, the scope of RTG activities should include such issues as not unduly discriminatory access to and pricing of transmission facilities and services, including so-called ancillary services, and regional planning and siting. However, until current uncertainty concerning the FERC's transmission pricing policies is resolved, RTG participants may choose to defer regional pricing questions;
5. FERC should give substantial regulatory deference to decisions that are voluntarily entered into by all affected parties, and to the results of RTG dispute resolution processes. Similarly, to ensure that RTG activities are consistent with respective State integrated resource plans and siting requirements, State commissions should consider providing prior review and appropriate advance approvals for RTG by-laws and governance procedures;
6. Formation and operation of RTGs must not compromise system reliability;
7. Consideration should be given to whether or how RTGs and reliability councils should (can) be coordinated or combined in order to fully incorporate the issues of efficiency and reliability; and
8. RTGs should be developed on a flexible basis in light of regional needs and conditions. In its review and approval of RTG submissions that have been filed following coordination and consultation with affected State regulatory authorities, FERC should respect these regional differences.