



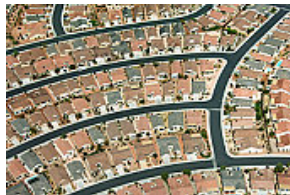
Planning in the 21st Century: The Black Sheep or the Crown Jewel of the Electric Industry

**Harvard Electricity Policy Group
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PLANNING----LIVING THE DREAM





“Regulation by Fad”



- Utility-Only Planning
 - The “Hands Off” Regulator
- Integrated Resource Planning
 - The “Group Grope” for Perfection
- Competition in Generation
 - Transmission Planning Focus on Interconnection and Price Signals
- Transmission “Corridors”

- Planning to address reliability violations
 - Short vs. Long Term Solutions
 - Changing Load Forecast
 - Difficult to rely upon demand side response
- Economic Planning
 - FERC rejects exercise of discretion—Clear formulas
 - Cross-Border---”Layering of approved criteria”

- The Transmission Superhighway



- FERC sets the planning principles
- Interconnection Wide Planning
 - Return to IRP Process
 - Add-on: Land Use Analysis
 - “Rolling up” the regional plans
- Interconnection Wide Planning Entities

The elegant solution or....a ship too heavy
to leave the dock...



- Clear National Policy
- Consistency Across Regions
- Planning Principles---Formulaic or the exercise of discretion?
- Recognizing limitations---Only transmission is regulated...

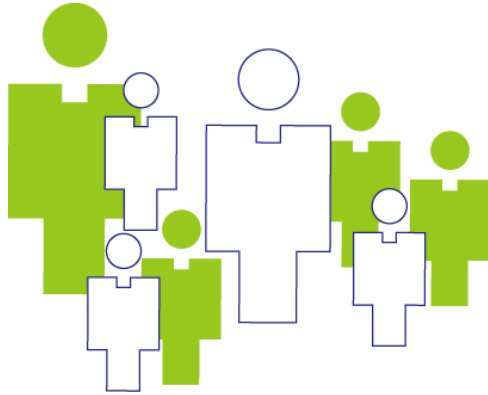
- Avoiding a regulatory morass---Sorting out what is the level of coordination needed across the interconnection?
- Ability to effectuate the plan
- Cost allocation/siting reform

“Hanging in mid-air”: a dangerous place



- A restructured industry or “Golden memories of yesteryear...”

– The choice is ours



LET'S TALK...



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