

DOE Transmission Planning Funding Opportunity

June 19, 2009

Earlier this week, the United States Department of Energy (DOE) issued a Funding Opportunity Announcement (FOA) for the development and strengthening of capabilities in the interconnections serving the lower 48 states of the United States: the Western Interconnection, the Eastern Interconnection and the Texas Interconnection. The goal of the FOA is to fund analyses of transmission requirements in order to enhance the development of long-term, interconnection-wide transmission expansion plans. The funding opportunity is focused on regional transmission planning and coordination, rather than on individual projects. However, funding to a regional planning entity – such as an Independent System Operator (ISO) or Regional Transmission Organization (RTO) -- could certainly result in requirements, studies and/or analyses that would support specific projects.

DOE expects to grant a total of six awards of up to \$60 million – three for solicitations specifically relating to Interconnection-Level Analysis and Planning (“Interconnection Planning”) and three for solicitations relating to Cooperation Amongst States on Electric Resource Planning and Priorities (“State Cooperation Planning”). Awards in each category correspond to the three geographic areas served by the three interconnections. Applicants in the same award category and interconnection area will be competing against one another.

The DOE anticipates that this FOA will: (i) improve regional, inter-regional and interconnection-level coordination amongst electric industry organizations and states regarding long-term electricity policy and planning, which is essential to the timely development of low-carbon generation capacity and its associated transmission requirements; (ii) improve the quality of information available to industry planners, state and federal policymakers and regulators; (iii) broaden awareness of the need for key facilities in transmission plans developed as a result of collaboration which, in turn, will facilitate resolution of issues relating to cost allocation and siting; and (iv) facilitate the development of renewable or other low-carbon generation capacity resulting from new transmission facilities.

DOE anticipates granting awards with project periods of 3-5 years. No ceiling or floor has been set for any individual award. Although the FOA is implicitly geared towards ISOs and RTOs and states, all types of domestic entities are eligible to apply for funding except DOE/NNSA National Laboratory Contractors, other Federal agencies, non-DOE Federally Funded Research and Development Center Contractors and non-profit organizations described in section 501(c)(4) of the Internal

This memorandum is intended only as a general discussion of these issues. It is not considered to be legal advice. We would be pleased to provide additional details or advice about specific situations. For additional information on this important topic, please feel free to call upon your Dewey & LeBoeuf relationship partner.

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Revenue Code of 1986 that engaged in lobbying activities after December 31, 1995.

The deadline for applications is August 14, 2009. Applicants selected for an award are expected to be contacted no later than November 2, 2009, and awards will be issued no later than December 31, 2009.

Each applicant's proposal for an Interconnection Planning award must meet several requirements, including: (i) ensuring that its work covers the entire interconnection; (ii) establishing a multi-constituency steering group that will provide guidance to the applicant's analysts; (iii) addressing the merits of alternative configurations of the interconnection's extra high voltage AC and DC network, as well as the technological uncertainties that could have major effects on future transmission requirements; and (iv) opening analyses and planning to participation by state and federal officials, ISO and RTO representatives, utilities, and relevant stakeholder bodies or non-governmental entities. The first version of the interconnection-level plan(s) must be delivered to the DOE no later than June 30, 2011, and an updated version should be delivered no later than June 30, 2013.

The State Coordination awards are designed to facilitate dialogue and collaboration amongst states in an interconnection (or amongst state agencies in the Texas Interconnection) in order to develop consistent and coordinated input and guidance for regional transmission analyses and planning. Different minimum requirements apply for State Coordination applicants in the Western Interconnection, the Eastern Interconnection and the Texas Interconnection. Cost-sharing is encouraged, but not required, for applicants. Any proposed cost-sharing must come from non-Federal sources unless otherwise allowed by law.

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