Capacity Accreditation of Interregional Transmission Workshops

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Executive Summary

In Spring 2026, Americans for a Clean Energy Grid (ACEG) convened a series of workshops on capacity accreditation of interregional transmission. The goal of the workshops was to identify common barriers to acknowledging the value of interregional transmission in resource adequacy (RA) modeling and capacity procurement structures. Workshop participants included thought leaders from academia and research institutes, engineering and policy consulting firms, utilities, regional transmission organizations and independent system operators (RTO/ISOs), transmission developers, state regulatory and energy office staff, and Federal Energy Regulatory Commission (FERC) staff.

Participants identified the most significant opportunity for transmission capacity accreditation as the pooled capacity value of imports enabled by non-firm transmission service across interregional high-voltage direct current (HVDC) facilities. While firm imports are partially addressed, non-firm transfers—which provide real reliability benefits during stress events—warrant special attention because they remain largely excluded from accreditation methodologies.

Institutional coordination emerged as the primary challenge. Progress will depend on aligned action across RTO/ISOs, states, and federal entities. RTO/ISO tariff amendments were identified as the most immediate mechanism to establish accreditation frameworks, while state regulators were viewed as the most effective near-term drivers of change through integrated resource plans (IRPs), procurement requirements, analytical directives to utilities, and advocacy to RTO/ISO leaders and FERC to enable their ratepayers to access this cost-saving pooled capacity value for resource adequacy. Participants also agreed the North American Electric Reliability Corporation (NERC) can support this effort by advancing harmonized methodologies across regions while FERC can either play a catalytic role through targeted engagement or lead reform directly.

1. Improving RA Modeling and Accreditation Methodologies

Significant changes are likely needed to both RA modeling and capacity accreditation frameworks in order to unlock the RA value of interregional transmission. These are important first and second steps that would enable recognition of the capacity value of interregional transmission, thereby cost-effectively meeting RA needs by including the full suite of RA solutions in evaluations.

1.1 Better Characterization of Transmission in RA Modeling

- RA modeling rarely captures intra- or interregional transmission at the granularity needed to identify the RA contribution of deliverability. Intraregional transmission is modeled, at best, in a zonal topology. Interregional imports are often modeled without any consideration of the underlying interregional transmission delivering those imports, if they are included at all.
- Both "copper sheet" (where the transmission system is assumed to have infinite transfer capability) and zonal representations of the intra-regional transmission system in RA modeling underestimate system risk.

- Conversely, exclusion of pooled capacity imports in RA modeling overestimates system risk, missing most of the value of interregional transmission.
- Improvements in transmission topology and better representation of existing and expected interregional transmission lines should be made in RA modeling to better understand actual system risks and avoid unneeded capacity investments.
- Ideally, the grids of every regional neighbor and even neighbors' neighbors will be included in wide-area modeling. If each system is studied and sets its planning reserve margin (PRM) as if its neighbors do not exist, this will inflate its PRM and, in turn, ratepayer costs. Expanded system modeling is also necessary to study, and ultimately accredit, the reliability benefits of interregional projects.

1.2 Wider Adoption of Capacity Accreditation Methodologies are Needed

- FERC Order 1920 provides a uniform framework for all utilities and regional grid operators to evaluate the benefit that transmission provides to RA during both normal operations and extreme weather events. While only a benefit evaluation and not a true accreditation mechanism, transmission providers could apply the analytical rigor and methodology of FERC Order 1920's Benefit 2—the RA benefit category—to accreditation methods.
- Transmission providers have developed accepted technology-neutral capacity accreditation methodologies (e.g., Effective Load Carrying Capability, ELCC) for generation, but system planners and operators have been slow to adopt these methods and have not yet applied them to interregional transmission lines. HVDC transmission, in particular, is controllable and hence operates like a generator in a given utility or grid operator's RA analysis.
- NERC is cataloguing ELCC methodologies across regions to identify a "rigid core, flexible edge" energy assurance planning framework, which could provide a foundation for regional harmonization of capacity accreditation.
- Accreditation metrics should be technology-neutral, simple, reasonable, and monetizable. Starting with simple industry-accepted accreditation metrics like ELCC is a good first step. More complicated revisions to these metrics could be made later if necessary as more operational data emerges.
- International precedents—hydropower imports from Québec, European interconnectors—offer analogical frameworks and successfully implemented capacity accreditation precedents for U.S. regulators to consider. One example is, the United Kingdom's successful accreditation of interregional HVDC transmission for inclusion in their capacity market auctions.[1]
- Workshop attendees discussed whether RA accreditation frameworks should differentiate between existing and new interregional transmission infrastructure. Some observers thought that capacity payments serve as incentives for new investments, and that existing interregional transmission lines may not need them. In practice, however, resource adequacy is procured from both existing and developing resources, as the PRM requirement cannot be met without sufficient existing resources maintaining their availability in a given period.

1 LCP Delta & Frontier Economics, *Electricity Interconnectors' Contribution to Security of Supply: Technical De-rating Factors for Electricity Interconnectors,* UK Government, Department for Energy Security and Net Zero (Oct. 2025), https://assets.publishing.service.gov.uk/media/68dd44b3dadf7616351e4cea/capacity-market-technical-derating-factors-for-electricity-interconnectors.pdf.

1.3 Understanding the Distinction between Accrediting External Generators and Accrediting Interregional Transmission Lines

- While there is wide recognition of the capacity value of firm imports from specific external generators enabled by interregional transmission, the pooled capacity value created by the interregional transmission line itself (facilitating non-firm imports) is largely omitted from RA constructs across the board.
- Such interregional transfers provide real resource adequacy value, particularly during stress events. This pooled capacity value from interregional transmission derives from transfer capability across balancing areas with different resource mixes and varying peak loads driven by different time and weather profiles.

Accrediting external generators: Unlocks RA value of individual generators whose energy is typically procured in advance with firm service over an interregional transmission line.

Accrediting interregional transmission lines: Unlocks RA value from the pooled capacity of multiple external generators whose energy is typically procured on an as-needed basis with non-firm service over that interregional transmission line.

1.4 Unique Opportunity for HVDC Accreditation

- HVDC facilities are controllable and the capacity contribution of any one facility is easier to measure than a traditional alternating current (AC) line. Therefore, HVDC facilities are a high-value, high-profile vehicle for advancing interregional transmission capacity accreditation frameworks.
- Planned interregional HVDC transmission should be evaluated for its capacity value within regional transmission planning processes from an early stage, including explicit recognition of the pooled capacity value for RA.
- HVDC controllability raises governance questions: Who holds operational authority over power flow direction, and how is that coordinated across RTO/ISOs? Clarifying how HVDC transmission would respond to system operator needs in practice would further inform the inclusion of HVDC transmission in accreditation frameworks and procurement of its capacity value accordingly.

1.5 Seams Issues and Aligned Methodologies

- Accrediting transmission that crosses utility or grid operator seams (i.e., boundaries) raises a distinct coordination problem: If two neighboring regions use significantly different assumptions or methodologies to evaluate the same transmission facility, they may assume conflicting RA contributions for the same physical asset.
- The core question is not whether accreditation approaches must be identical, but whether the methodologies used to evaluate pooled capacity value via non-firm service during key stress periods are sufficiently aligned to produce consistent valuation for the same transmission facility. A given interregional transmission facility should not be expected to have the same capacity value in all regions it serves, but having a consistent determination of those values helps to ensure they are appropriately valued and compensated for their true RA contributions.

- Weather-correlated events across regions must be addressed within any joint framework. Probabilistic accreditation over a wide geographic area must account for the frequency and severity of potentially coincident scarcity conditions.
- The priority should be establishing an aligned framework that neighboring regions can both use in a consistent fashion to determine capacity values in their regions for a given interregional transmission line on the neighboring regions' seam.
- Cross-Interconnection ties (e.g., Eastern–Western Interconnection links) may require a different treatment than cross-utility or -operator ties within the same Interconnection.

2. Recognizing the Capacity Value of Transmission in Markets

While challenges differ across market structures, a key challenge exists across the United States: The capacity mechanisms used to compensate resources for their RA value are not designed to consider interregional transmission. Overcoming this challenge includes correcting common misperceptions and making modifications to procurement mechanism rules.

2.1 Common Challenges Across all Market Structures

- State regulators and transmission providers may not be fully aware of the pooled capacity RA value provided by the interregional transmission facility itself. This value is separate and distinct from the capacity value of external generation resources taking firm service across the transmission facility.
- Some worry that accrediting the capacity value of individual external generators and separately accrediting the pooled capacity value of the interregional transmission itself will result in double-counting the same capacity. But the models used to evaluate capacity value can distinguish between individual external generators seeking accreditation in the importing region and the pooled capacity value provided by an interregional transmission line in a way that ensures the capacity value is not double-counted across these resources.
- Cross-boundary coordination is difficult whether the neighbor is an RTO/ISO or a utility. For example, utilities and RTO/ISOs alike lack the power system data needed to model their neighboring regions. This results in less credible RA results as import/export interactions cannot be modeled without sufficient data exchange and analytic partnership.
- There is no market signal for interregional transmission investments in RA constructs. The procurement mechanisms of RA constructs, whether they are IRPs or capacity markets or other mechanisms, are currently designed to procure generation resources, not interregional transmission. Transmission assets needed to enable specific generation delivery are typically planned through processes that are siloed from broader transmission planning, with essentially no consideration of the ability to plan more cost-effective interregional transmission for increased imports to meet the same RA need. Independently developed interregional transmission, which is the most common development mechanism today, cannot be fully incentivized without a procurement vehicle at the wholesale level for ratepayers to benefit from the RA value.
- Beneficiaries of the RA value provided by interregional transmission may extend beyond the two ends of the line, including customers of utilities neighboring the terminating utility. Analysts should consider which geography/ies in that region's RA framework should be allowed to claim that line's RA value against their RA obligations.

2.2 Unique Challenges in Non-RTO/ISO, Non-Organized Market Regions

- The capacity value of interregional transmission is largely invisible in current RA planning frameworks outside RTO/ISOs. Utilities generally **do not plan to rely on imports,** so the RA value of interregional transmission is excluded by default.
- IRPs are **generation-centric** and transmission is rarely, if ever, modeled as an RA resource. This may be due to incentive misalignment for the utility developing the IRP (vertically integrated utilities earn a return on their local generation investments, so are more inclined to rely on those to meet RA obligations over competing third-party imports enabled by interregional transmission).
- The disjointed nature of non-RTO/ISO regions makes coordination across multiple utility footprints challenging, especially where there is an RTO/ISO and non-RTO/ISO seam. Not only may business models differ, without an RTO/ISO operating across its member utilities, there is a lack of modeling standardization, visibility into neighboring systems, and no coordinating body to force some such standardization across the disparate utilities.

2.3 Unique Challenges in RTO/ISO, Non-Capacity Market Regions

- Utilities are often unable to coordinate with neighboring utilities for increased imports; this function is handled by the RTO/ISO. While it is good to have a single coordinator of imports and RA modeling, that single coordinator can inhibit the desires of individual utilities to increase import capability.
- There is no compensation mechanism for the RA value of interregional transmission developed by independent developers. These developers are often the only ones willing to develop interregional transmission, further disincentivizing the development of much-needed interregional transmission.

2.4 Unique Challenges in RTO/ISO, Capacity Market Regions

- Capacity markets are designed to procure generation assets in forward auctions, not interregional transmission.
- Transmission is usually only considered as an eligibility requirement for external generation assets delivering long distances. The deliverability eligibility requirements are often highly complex and hard to meet, sometimes by design (e.g., "pseudo-tie" requirements in the PJM Interconnection region).
- Capacity markets are usually designed to procure resources 3 years in advance; load-serving entities should be allowed the option to hedge with bilateral contracts to procure interregional transmission's RA value over a longer (e.g., 5-15 year) horizon that informs transmission investment decisions.

3. Compensation Mechanism Options

3.1 Demand-Side Procurement and Compensation Mechanisms

- *Planning reserve margin requirement reduction contracts:* those who set planning reserve margins (e.g., RTO/ISOs) contract with interregional transmission developers to quantify related planning reserve margin reduction and compensate that value similar to other resources.
- *IRP-directed procurement:* States require reductions in planning reserve margins associated with pooled capacity imports to be credited in IRPs and benefiting load to compensate interregional transmission owners.

3.2 Supply-Side Procurement and Compensation Mechanisms

- *Capacity credits:* RTO/ISOs accredit interregional transmission capacity, enabling those with RA obligations (e.g., load serving entities, LSEs) to count the accredited capacity toward meeting those obligations.
- *Capacity market inclusion:* RTO/ISOs accredit interregional transmission capacity, enabling the owners to offer the capacity directly into capacity markets (as for other capacity resources and as done in the U.K.).
- *All-source procurements:* States write transmission-sourced capacity requirements into all-source procurement solicitations based on defined accreditation metric assumptions. Transmission capacity is procured and compensated in procurements.

4. Utility and RTO/ISO Engagement to Overcome Challenges

Utilities and RTO/ISOs have not yet committed to reforming accreditation frameworks, particularly when the concept requires changes to existing market rules or planning methodologies.

4.1 The Primacy of Utility Action: Section 205 Filing as First Step

- The clearest near-term pathway forward is for an RTO/ISO to file a tariff amendment with FERC under Federal Power Act Section 205 to establish a framework for accrediting interregional transmission's capacity and compensating transmission owners for it. This is the recommended first step—and the most actionable near-term lever.
- A tariff amendment first creates a concrete example for FERC to evaluate, builds an evidentiary record, and signals to other utilities and RTO/ISOs that action is feasible. FERC has historically been more willing to act once jurisdictional entities demonstrate the path.
- A joint FERC filing of tariff revisions from both neighboring utilities and/or RTO/ISOs is not strictly required, but if only one side of an interregional transmission line has a tariff mechanism in place and the other does not, the asymmetry would likely create challenges for FERC review and approval as well as practical implementation difficulties if approved.

4.2 Educating and Engaging Utility and RTO/ISO Staff

- Utility and RTO/ISO subject matter experts can motivate change within their organizations once a problem has been identified. Engaging staff on these topics is critical to creating meaningful reform.
- The key questions are: who does RTO/ISO staff listen to, and what third-party validation or analytical product would be persuasive enough to move staff from skepticism to engagement?
- Engaging staff on these topics outside the stakeholder processes via credible discussion forums (e.g., industry conferences and webinars) can create comfort with new concepts and modeling requirements.

4.3 Utility Pressure on RTO/ISOs

- RTO/ISOs frequently listen to utility members more than other stakeholders. Having utilities raise these topics and request changes to tariffs to accommodate will likely be better perceived by RTO/ISOs.
- Utility modeling practices often follow state regulatory guidance. Utilities model what their state regulators tell them to model. This creates a lever: If state regulators direct utilities to value interregional transmission in their RA analyses, utilities will begin doing so, and RTO/ISO staff will see the results and can incorporate those results into their own processes.

4.4 Stakeholder Coalition in Utility and RTO/ISO Processes

- The issue of capacity accreditation of interregional transmission will increase in prioritization for utilities and RTO/ISOs as different stakeholder sectors (i.e., member and non-member utilities, state regulatory staff, large end-users, environmental organizations, etc.) repeatedly request it in stakeholder proceedings.
- Presenting these ideas in other forums where stakeholders are present (e.g., webinars and coalition meetings) will encourage issue literacy and wider advocacy within utility and RTO/ISO stakeholder processes.
- Continued communication of interregional transmission's pooled capacity value through concrete and quantified examples is essential to building political will for fully incentivizing HVDC and other interregional transmission investment and deployment.
- Evidence that interregional transmission accreditation facilitates large load interconnection (e.g., data centers) is persuasive to the current Administration.

5. State Engagement to Overcome Challenges

5.1 States as Primary Advocates—and the Key Lever to Utility Action

- States are the most politically potent affected party. Critically, they hold a structural lever that other actors do not. Even in restructured states, states retain a significant role in ensuring RA under the Federal Power Act.
- Affordability and competition concerns make states natural advocates. The cost savings that states and utilities are actively pursuing create competitive pressure for advancing interregional transmission capacity accreditation.
- Formal regional state organizations in RTO/ISOs, like the Regional State Committee (RSC) in Southwest Power Pool (SPP), are a viable avenue for ensuring consistent methodologies across RTO/ISOs. These organizations can direct specific analytical requests to utility and RTO/ISO staff, giving state regulators a structured, collective voice that is harder for utilities and RTO/ISOs to ignore than individual stakeholder requests.
- States are better positioned than other parties to advocate for removal of administrative caps on interregional energy flows represented in RA modeling, such as in PJM Interconnection (PJM), which bias RA assessments and prevent recognition of interregional transmission's full RA value.
- Allowing utilities to serve as anchor tenants for new independently developed interregional transmission lines is a structural mechanism that could align utility incentives with transmission investment. State regulators and legislators can create new and amend existing regulations and laws to eliminate barriers to utilities including firm and non-firm imports on interregional transmission in their RA constructs.

5.2 What Should State Regulators Ask For? The Data Request Problem

- When state regulators ask utilities and RTO/ISOs "where are you valuing this?", that question alone can focus useful attention, prompting utilities and RTO/ISOs to begin the analytical work that builds the record for accreditation of interregional transmission.

- To be effective, state regulators need to know what specific analytical products to request from utilities and RTO/ISOs, and those requests need to carry enough institutional weight to compel a substantive response.
- The key question is: what is the most potent data request from state regulators to get results? Requests need to be specific enough that utilities cannot produce a non-answer but flexible enough to accommodate different regional modeling approaches.
- State regulators should ask utilities to model interregional transmission's capacity value explicitly, including non-firm imports available during stress periods, in IRPs and long-term planning submissions.
- A useful analytical demonstration would be to run two separate models for a specific load zone, one with and one without non-firm imports treated as a capacity resource. The LSE-level cost savings revealed by that comparison can be a powerful, concrete, ratepayer-facing data point. Lost savings, i.e., what ratepayers forgo by not accrediting interregional transmission capacity, should be the central framing.

5.3 State Regulatory Organizations

- Regional coordination bodies are important force multipliers for state regulatory engagement.
- Regional state organizations, like SPP's RSC, are the appropriate vehicle for translating state regulators' intent into consistent analytical directives across RTO/ISOs. If regional state organizations in multiple RTO/ISOs make aligned analytical requests, RTO/ISO staff will receive a collective signal that is much harder to dismiss than individual utility or state inquiries. In some regions, the RTO/ISO is obligated to address requests from such state bodies.
- The National Association of Regulatory Utility Commissioners (NARUC) does meaningful work in this area and may be positioned to develop model frameworks or convene cross-state working groups on an RA methodology for interregional transmission capacity.
- Presentations by subject matter experts to regional state organizations and NARUC staff (and at NARUC meetings) build issue literacy among state regulators.
- Pushing neighboring RTO/ISOs simultaneously through coordinated state pressure is more effective than sequential engagement and reduces the risk of asymmetric regional development, an especially pronounced problem with dealing with interregional transmission.
- Different asks require different pathways. The most effective route varies depending on whether the goal is an analytical commitment, a tariff filing, or a planning process change.

6. Federal Engagement to Overcome Challenges

6.1 FERC Commissioner Pressure: Letters and Technical Conferences

- Whether or not FERC initiates formal regulatory action, individual commissioners can play a catalytic role by directing pointed questions to RTO/ISOs and other transmission providers. This could be done via formally directed reports on efforts to accredit the capacity of interregional transmission or informal outreach.
- Commissioner outreach could include asking RTO/ISOs directly: "What are you doing about this in your region?" or "Why aren't you doing this?"—a low-cost, high-signal intervention that puts RTO/ISOs and other transmission providers on notice.

- A FERC technical conference on interregional transmission planning and RA accreditation could surface best practices, create peer pressure across regions, facilitate exchange of methodologies, and lay the groundwork for a future policy statement or rulemaking.
- A meeting of the Federal-State Current Issues Collaborative, which includes both FERC Commissioners and state regulators, could similarly align across regions, facilitate information exchange, and help to identify steps for action at both levels.

6.2 NERC as a Convening Body

- NERC is an underutilized institutional lever, particularly for methodology harmonization.
- NERC could establish a common baseline for interregional transmission-related RA constructs adoptable across regions.
- NERC's efforts to develop ELCC baseline guidance should explicitly include interregional transmission.
- NERC is facilitating interregionally consistent work on energy assurance and RA methodologies, but that effort needs to explicitly include interregional transmission accreditation.
- NERC's TPL-008 standard on "Transmission System Planning Performance Requirements for Extreme Temperature Events" is a potential springboard, as well as its Planning Energy Assurance standard currently under development (Project 2024-02).

6.3 Congressional and Legislative Considerations

- Congress could enact legislation directing action from FERC and NERC on RA accreditation for interregional transmission as a reasonable next step following NERC's Interregional Transfer Capability Study, which was required by Congress in the Fiscal Responsibility Act of 2023.
- Options include legislation to: recognize the RA value of interregional transmission and the reliability need for such transmission; direct FERC to develop standards and establish a compensation mechanism for interregional transmission's capacity value; and direct FERC to establish interregional transmission planning requirements.

7. Recommended Next Steps for Advocates

7.1 Analysis and Communication Strategy

- **Develop a roadmap document:** A sequenced pathway from status quo to a workable accreditation framework for the capacity value of interregional transmission. This is needed to give FERC, RTO/ISOs, utilities, and state regulators a credible basis for action. The roadmap should include the current state of play across RTO/ISOs and other transmission providers and quantify the cost savings for ratepayers.
- **Conduct an opportunity analysis:** Identify gaps in each RTO/ISO and other transmission provider's RA modeling of imports and pass information on those gaps to leveraging parties.
- **Investigate the PJM administrative cap on interregional imports considered in RA assessments:** Prepare materials for the PJM Governors Group identifying this as a near-term, removable barrier to improve RA assessments and appropriately value the pooled capacity of imports via interregional transmission.
- **Develop a zone-level lost savings analysis:** Modeling study comparing RA outcomes in a specific load zone with and without interregional transmission treated as a capacity resource. LSE-level cost savings data is the most persuasive tool for moving both regulators and utilities.

7.2 Utility and RTO/ISO Action Strategy

- **Engage in stakeholder processes for interregional planning:** Stakeholder questions and comments about how interregional transmission is considered in RA modeling, IRPs, etc. at utility and RTO/ISO meetings can motivate staff to consider these topics themselves.
- **Push RTO/ISOs to make Section 205 filings:** Identify receptive RTO/ISOs and develop a targeted engagement strategy to accelerate a filing to recognize the RA value of interregional transmission. Such a filing, assuming FERC approval, creates a template and political pressure for others. This is the single highest-priority action.
- **Advocate for methodology alignment between neighboring regions before a Section 205 filing:** Work with NERC and transmission providers to align frameworks for evaluating the capacity value of interregional transmission, so that RTO/ISOs consistently evaluate common seam assets.

7.3 State Action Strategy

- **Conduct state regulator outreach:** Identifying the right state regulators in the right states is essential to pushing this issue. Prioritize outreach with state regulators in states located on the seams between RTO/ISOs and other transmission providers and develop targeted engagement strategies. Priority candidates include New Mexico, Oklahoma, Iowa, and the Dakotas; state regulators in these states will see the greatest RA benefit from interregional accreditation and are thus the most natural advocates.
- **Define state regulator data requests:** In collaboration with NARUC and regional state organizations, develop specific, rigorous analytical requests that state regulators can send to utilities and RTO/ISOs. These requests should have enough institutional weight and specificity to induce substantive modeling responses.
- **Develop a "playbook" for state regulators:** A document with model IRP language, state regulatory analytical directives, and all-source procurement specifications would lower the barrier to action for state regulators that are willing but need a structured entry point.

7.4 Federal Action Strategy

- **Engage FERC Commissioners:** Develop a strategy for outreach to receptive FERC Commissioners, suggesting they ask pointed questions to RTO/ISOs and other transmission providers—"What are you doing about this in your region?"—and requesting FERC convene a technical conference and/or a meeting of the Federal-State Current Issues Collaborative on interregional transmission RA accreditation.
- **Conduct NERC outreach:** Conduct outreach with NERC to try to explicitly connect NERC's developing ELCC guidance to interregional transmission and seek to facilitate interregional transmission capacity accreditation.
- **Prepare congressional briefing materials:** Highlight interregional transmission accreditation as a reliability and consumer cost issue, positioning it within the large load/data center interconnection policy conversation in service of current Administration and many Members of Congress's priorities.
- **Develop model bill language:** Legislation directing action from FERC and NERC on RA accreditation for interregional transmission (options described in Section 6.3).