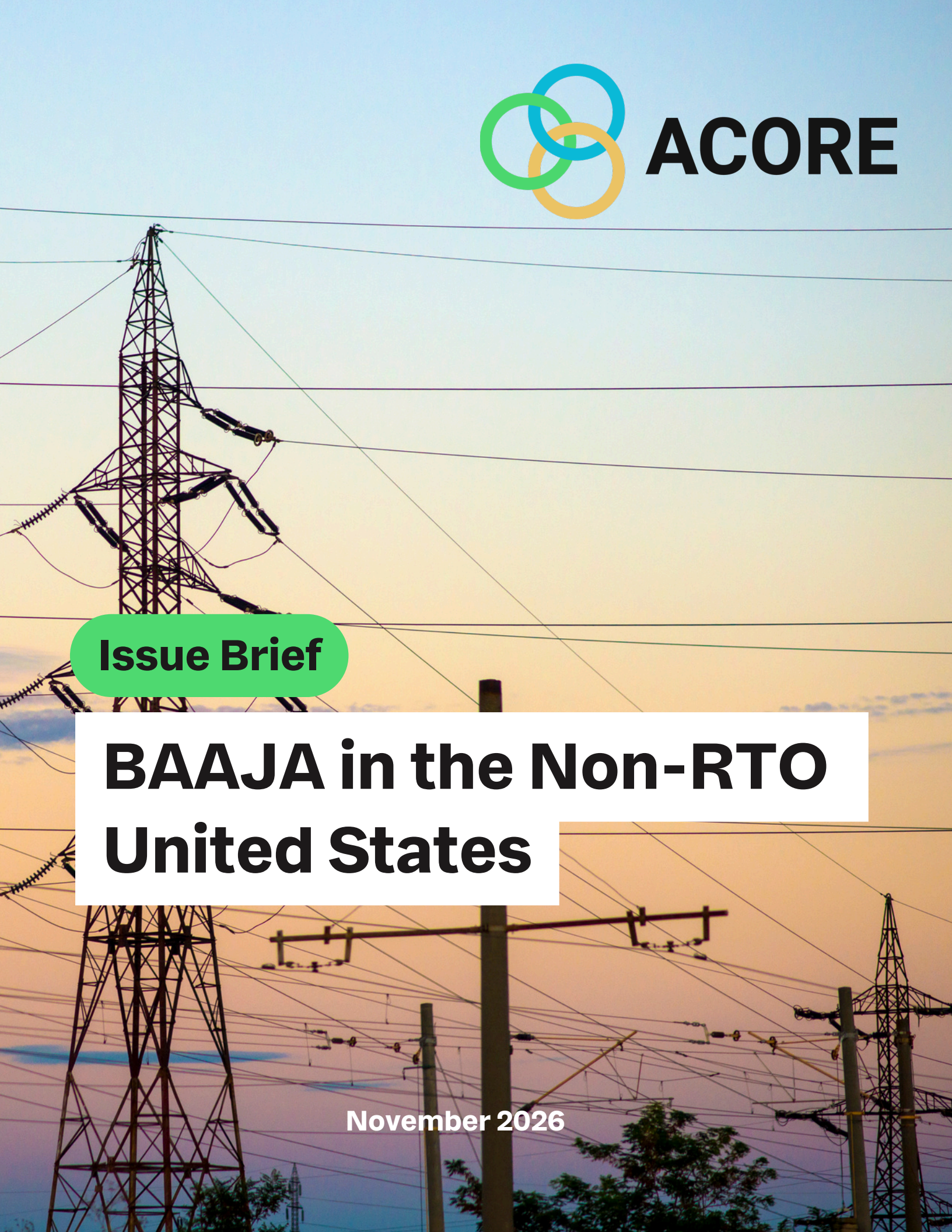


ACORE

Issue Brief

BAAJA in the Non-RTO United States

November 2026

About ACORE

ACORE is a nonpartisan nonprofit organization that operates at the intersection of affordability, reliability, and clean energy deployment. Our work is focused on stabilizing energy prices, strengthening the electric grid, and driving investment in cost-effective technologies to ensure that clean energy delivers for people, businesses, and the U.S. economy.

ACORE convenes a membership spanning the full clean energy value chain—investors and financiers, developers and EPCs, hyperscalers and energy buyers, manufacturers and advisors. Our members were directly involved in more than 80% of the American clean energy infrastructure projects added to the grid in 2025. We champion all clean energy technologies including transmission, solar, wind, storage, geothermal, hydropower, nuclear, and beyond. ACORE members are the companies investing in and building tomorrow's electric power system, accelerating infrastructure development, strengthening grid reliability, and enhancing domestic competitiveness.

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BAAJA in the Non-RTO United States

The Bipartisan American Affordability and Jobs Act (BAAJA) represents a significant win for grid reliability, electric affordability, and clean energy. At its core, the BAAJA transmission title is a comprehensive approach to grid planning designed to build a 21st century grid. If passed, there will be distinctions in how BAAJA is implemented across grid regions. Industry and advocates will have their work cut out for them: the reforms proposed in BAAJA will take time to implement and require stakeholder processes in every region to inform final FERC orders. As Congress debates this critical legislation, it is worth understanding the subtleties in how the law's provisions may affect different parts of the country.



Source: Federal Energy Regulatory Commission, WestConnect, SERTP

Who Are The Regions?

There are six federally regulated entities that operate and plan the transmission system, ensure non-discriminatory access to the grid, and run centralized wholesale energy and related markets within their regions. These entities are the PJM Interconnection (PJM), the Southwest Power Pool (SPP), the New England Independent System Operator (ISO-NE), the New York Independent System Operator (NYISO), the Midcontinent Independent System Operator (MISO) and the California Independent System Operator (CAISO). In addition, the Electric Reliability Council of Texas (ERCOT) is regulated at the state level. The RTOs and ISOs cover about two-thirds of the electricity consumption. While they are called regional transmission operators (RTOs) or Independent System Operators (ISOs), both categories essentially have the same functions.

In 1996, FERC issued Order No. 888, ordering utilities to grant independent generators non-discriminatory access to the transmission system. Under Order No. 888, non-utility energy developers have to be able to use the transmission system to sell electricity into the market on the same terms as utility transmission

owners. In 1999, FERC issued Order No. 2000, encouraging utilities to form larger RTOs/ISOs with independent governance and operational control over the system. The aim of Order No. 2000 was to ensure that these newly open electricity markets were governed by an open stakeholder process, not by boutique interests. And in 2011, FERC issued Order No. 1000, requiring the RTOs/ISOs to embark on regional transmission planning.

There are meaningful differences in how regional electric grids are operated that hold implications for how BAAJA might be implemented. The six non-ERCOT RTOs/ISOs have more centralized control over their regions and more ability to directly execute the rule changes proposed in BAAJA. ERCOT is not FERC-jurisdictional and is expressly excluded from nearly all of BAAJA's provisions. There is no ISO or RTO in much of the non-California west or in the southeastern United States, as shown in the above map. That does not mean these regions are exempt from the provisions in BAAJA. Under FERC Orders 888 and 1000 (as well as 890), non-RTO regional transmission planning processes were established: Southeastern Regional Transmission Planning (SERTP) in the southeastern states, WestConnect in the southwest and intermountain west and NorthernGrid in the broader Pacific northwest. The exact territories of each planning region are visible in the above maps. SERTP, WestConnect, and NorthernGrid differ from RTOs in a basic way: they are planning groups, not individual balancing authorities and market operators. Their members—investor-owned utilities, public power entities, and federal entities such as the Bonneville Power Administration and the Tennessee Valley Authority—coordinate long-term transmission planning, as FERC Order 1000 requires, but each utility continues to operate and dispatch its own system day to day.

In an RTO, by contrast, a single operator runs the higher-voltage transmission grid across the whole region from a central control room, dispatches power plants, operates wholesale markets for energy and grid-support services, ensures resource adequacy, and manages one shared queue for new generators and storage seeking to connect to the system. Some RTOs also operate a capacity market to pay resources to stand ready to supply power to the grid or customers to curtail when called upon, while others require sufficient capacity without a market. Utilities outside RTOs dispatch resources, but not through a competitive market, ensure sufficient capacity for reliability, and manage their own interconnection processes.

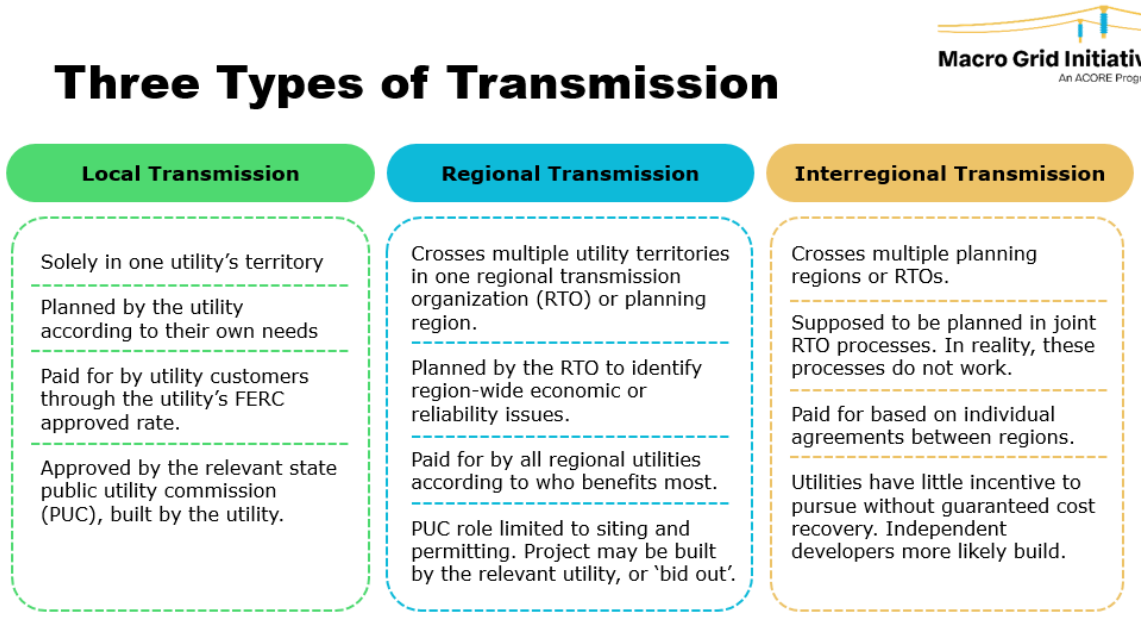
SERTP, WestConnect, and NorthernGrid do not operate RTO-style wholesale markets. There are efforts underway that will lead to more liquid and wider area energy markets in these regions: CAISO's extended day-ahead market (EDAM),

SPP's Markets+, and to a lesser extent, the Southeastern Energy Exchange Market (SEEM). But these efforts are far less developed than the open markets of the RTOs and, most importantly for the purposes of this piece, these services are market only, they are divorced from the grid planning function of RTOs.

These distinctions are important. BAAJA relies on FERC and the grid planning regions to implement many of the transmission title's most important provisions: specifically the regional/interregional planning mandate (Sec. 2103) and the consolidated transmission/generation/load planning process (Sec. 2106). Implementation of Sections 2107 (large load ratepayer protection) and 2110 (expediting interconnection queues) will also be affected by the RTO/non-RTO distinction, but are beyond the scope of this piece. BAAJA will accelerate energy infrastructure development in both the RTO and non-RTO regions across the United States.

Interregional and Regional Transmission Planning (Sec. 2103)

Section 2103 of BAAJA requires grid regions to adopt multi-value regional and interregional planning. The regional planning provision functionally codifies FERC Order No. 1920. Issued in 2024, Order No. 1920 requires grid operators to adopt a set of forward-looking transmission planning reforms for their regional systems including scenario-based planning, a 20-year time horizon, and *ex ante* cost allocation methodologies.



Interregional transmission provides enormous affordability and reliability benefits to consumers, particularly during extreme weather events like Winter Storms Uri and Elliott. But despite the evidence, no interregional transmission has emerged from the current limited requirements for interregional transmission under Order No. 1000.

There are, broadly speaking, three kinds of transmission: local projects not incorporated into the planning process (called supplemental in PJM), regional, and interregional. The above image summarizes the key differences between these projects. All three are important, but regional and interregional projects tend to have the greatest benefits in terms of adding capacity and resilience to the grid at a lower cost, and also can be the most challenging to build.

When FERC issues a rulemaking like Order No. 1920 (or as it would be required to do under the relevant provisions of BAAJA), grid operators must change their rules, known as 'tariffs' in electricity sector parlance, and submit the revisions to FERC to confirm that the changes comply with the new rule. This process is known as a compliance filing. FERC does allow for variations in how regions implement their orders: regions have distinct technical and administrative regimes that would make a one-size-fits-all approach impossible.

Regional and interregional transmission planning will be particularly important for the non-RTO southeast and west. The non-RTO regions have *never* advanced a regional transmission project for cost allocation across their territories. This does not mean no high voltage transmission has been built in the southeast or non-California west. To the contrary, individual transmission providers for all three regions have made significant grid investments in the past decade. But the regional entities have not embarked on the kind of comprehensive planning that serves the whole region envisioned in FERC Order No. 1000. A recent study found that the southeast would stand to gain significantly from increased regional and interregional transmission planning, reaping over $4.1 billion in benefits.

BAAJA (and FERC Order No. 1920) lay out specific benefits to transmission that must be considered in planning. Some of these benefits are difficult to calculate in non-market regions. In RTOs, it is easy to see how much grid congestion adds to consumer costs in real time. In the non-RTO regions, where there are no real time prices, these benefits are harder to calculate. These issues are already visible in the Order No. 1920 compliance process. ACORE recently filed a protest of WestConnect's Order No. 1920 compliance plan, arguing that the proposed plan fails to implement FERC's important requirements for calculating transmission benefits.

The interregional planning requirement in BAAJA will be a significant improvement *everywhere*, not just the west or southeast. There are technical and political barriers to the buildout of interregional transmission that regulators, utilities and developers in every region will have to confront in stakeholder processes. But this requirement offers enormous potential benefit to ratepayers nationwide. Interregional planning will make it easier for customers to access cheap power, provide resilience against blackouts and extreme weather, and facilitate the growth of job creating, energy intensive industries.

Consolidated Planning Process (Sec. 2106)

BAAJA Sec. 2106 requires a FERC rulemaking requiring grid regions to file a consolidated interconnection and regional transmission planning process that:

> *(1) jointly evaluates electric transmission facilities and the generating capacity reasonably anticipated to be needed to meet future forecasted demand and forecasted generation over the next 20 years;*
>
> *(2) routinely identifies and publishes resource and fuel-neutral planned interconnection locations for generating capacity and an upfront, fixed, zonal, per-megawatt cost for each planned interconnection location; and*
>
> *(3) establishes a streamlined generator cluster study process with a single decision point, meaningful and nonrefundable financial security, and withdrawal penalties sufficient to deter speculative projects.*

This provision appears to have been inspired by an effort in SPP that was approved unanimously by FERC earlier this year, and ACORE's view is that it is highly beneficial but will pose some complicated and potentially novel questions in non-RTO regions. Once fully implemented, SPP's consolidated planning process will pre-identify points of interconnection where new generators can connect. Rather than requiring interconnection customers to pay for all incremental upgrades they require on an unpredictable case-by-case basis, SPP's process would charge them a one-time standardized per-MW fee, with the remaining costs of planned transmission charged to new load.

BAAJA Sec. 2106 does not require regions to adopt SPP's consolidated planning process as written. But the negotiators were probably inspired by SPP's steps towards integrated planning of transmission, generation, and load. If BAAJA passes, comprehensive planning will look very different in the non-RTO regions. SPP already had a unified interconnection queue before implementing the CPP. In

the non-RTO regions, the transmission owners operate their own queues. SPP also plans regional transmission and *then* designates planned interconnection locations based on the transmission map. In SERTP, WestConnect, and Northern Grid no regional transmission has been planned under the Order 1000 framework, although they are required to do so under Order No. 1920.

This is not to say the consolidated planning process envisioned in BAAJA is unattainable for SERTP, WestConnect, and NorthernGrid. All three organizations, and their member transmission owners, have already made strides under FERC's recent interconnection reform (Order No. 2023) that get them closer to a BAAJA-style consolidated planning process. Order No. 2023 required the member utilities of each region to create heatmaps showing where the grid might have capacity for generator interconnection. It also requires a cluster study process with measures to deter speculative projects. Ultimately, the details of consolidated planning in the non-RTO regions will have to be resolved by FERC. It is unlikely the Commission will require the non-RTO regions to adopt centralized interconnection queues. Indeed, doing may conflict with state jurisdiction over resource planning in many of the relevant states. But the individual transmission owners who already participate in the planning process can still integrate their queue management with transmission planning.

The intent of the law is clear: transmission owners need to move towards a more comprehensively planned system that is more predictable for generators, load, and customers. The non-RTO regions have already demonstrated capacity for these reforms, and BAAJA will help move them down that path.

Conclusion

Federal energy policymaking inevitably confronts the reality that there is no singular 'grid' upon which policy can act. Energy policy is mediated through each critical layer of the system: from grid operators, to state regulators, down to electric utilities that range in size from millions of customers to dozens. BAAJA's transmission title is built with these realities in mind. For both RTO and non-RTO regions, it will help make the electricity system more resilient, efficient, and affordable.

Congress and advocates should certainly be aware of the implementation process that will start the minute BAAJA should become law. The bill's transmission title is an ambitious reimagining of how the grid operates. It is itself aware of the size of this undertaking – Section 2241 explicitly provides for higher salaries to attract the necessary FERC staff who will do this crucial work. If executed well, BAAJA will

provide significant benefits to electricity customers across the country, including in the non-RTO west and southeast.