FERC Technical Conference

Northern Tier Transmission Group
Planning Straw Proposal

Park City, Utah
June 13, 2007

“To ensure efficient, effective, coordinated use & expansion of the member’s transmission systems in the Western Interconnection to best meet the needs of customers & stakeholders.”
Introductions

Overview of Northern Tier – Marsha Smith
Review of Strawman and process – Kip Sikes
Cost Allocation – Steve Oxley
Northern Tier structure and overview

Commissioner Marsha Smith  
Co-Chair – NTTG Steering Committee  
State of Idaho  
Public Utility Commission

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Overview of Northern Tier

Steering Committee

- Transmission Use Committee
- Planning Committee
- Cost Allocation Committee
- Area Control Error Diversity Interchange (with BCTC)
Overview of Northern Tier

• Steering Committee representatives
  – State commissioners and government representatives
    • Commissioner Marsha Smith - Co-Chair, Idaho Public Utilities Commission
    • Vice-Chairman Doug Mood - Montana Public Service Commission
    • Chairman Lee Beyer - Oregon Public Utility Commission
    • Larry Nordell - Montana Consumer Counsel
    • Commissioner Ric Campbell - Utah Public Service Commission
    • Deputy Chair Steve Oxley - Wyoming Public Service Commission
  – Utility executives
    • John Cupparo - Co-Chair, PacifiCorp
    • Jim Tucker - Deseret Power Electric Cooperative
    • Lisa Grow - Idaho Power Company
    • Ray Brush - NorthWestern Energy
    • Doug Hunter – Utah Associated Municipal Power Systems (UAMPS)
Northern Tier and ColumbiaGrid member-owned major transmission lines
Northern Tier
Approximate line miles and area

- Approximate square miles service territory
  - 257,540 square miles
- Approximate line miles of transmission
  - 27,558 miles
- 100+ interconnections

Approximate relative size to other transmission organizations
Accomplishments to date

• Area Control Error Diversity Interchange (ADI)
  – June, 2007

• Transmission Use – Available Transmission Capacity
  – “English” definitions of OASIS paths
  – Route map of OASIS paths

• Planning
  – Fast track planning process
    • Idaho Power Company – Memorandum of Understanding on joint transmission from Wyoming
    • Northwestern Energy – Mountain States Transmission Intertie, 350 – 390 miles of new 500 kV
    • PacifiCorp – Over $4 billion and 1200 miles of new transmission, up to double circuit 500 kV
Northern Tier planning process

David “Kip” Sikes
Chair – NTTG Planning Committee
Idaho Power Company

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FERC Order 890 Planning Principles

1. Coordination
2. Openness
3. Transparency
4. Information Exchange
5. Comparability
6. Dispute Resolution
7. Regional Participation
8. Economic Studies
9. Cost Allocation
Implementation Plan

- FERC input from Technical Conference
- Charters, protocols, and agreements for NTTG Committees
- Agreement with TEPPC and TEPPC/WECC
  - Data and Product flow agreements
  - Stakeholder triage process and meeting schedules
  - Seams and coordination with adjacent sub-regional planning groups
- Integration of member local planning process and OATT procedures with NTTG Sub-Regional planning process
  - Development of Open Season and Aggregation Process
  - Alignment of States on IRP processes
- Agreements with NWPP TPC - NTAC on joint study selection process for NWPP footprint projects that overlap or effect other outside of NTTG within NWPP.
- Development of member system’s Attachment Ks for filing
<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
<th>Forum</th>
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<tbody>
<tr>
<td>March 14, 2007</td>
<td>Order 890 Final Rule posted in Federal Registry</td>
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<tr>
<td>March 14, 2007</td>
<td>Process for Straw Proposal development initiated at public stakeholder</td>
<td>NTTG Stakeholder Meeting</td>
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<td>meeting</td>
<td>Portland, OR</td>
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<td>March 23, 2007</td>
<td>Kick Off meeting for sub-regional planning coordination to discuss Order</td>
<td>Conference calls with NTAC,</td>
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<td>890 compliance requirements; subsequent calls have been conducted on an</td>
<td>NTTG and ColumbiaGrid</td>
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<td>ongoing basis.</td>
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<td>April 4, 2007</td>
<td>Marsha Smith, NTTG Co-Chair discussed NTTG efforts to comply with</td>
<td>CREPC Meeting</td>
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<td>planning requirements of Order 890.</td>
<td>Denver, CO</td>
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<td>April 6, 2007</td>
<td>Public meeting with NTAC, NTTG and ColumbiaGrid to discuss Order 890</td>
<td>Order 890 Compliance Workshop</td>
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<td>compliance requirements and integration approaches</td>
<td>Portland, OR</td>
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<tr>
<td>April 10, 2007</td>
<td>NTTG participated in WECC’s public meeting to discuss planning process</td>
<td>WECC Public Meeting</td>
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<td>roles and relationships in Western Interconnection for:</td>
<td>Order 890 Compliance Workshop</td>
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<td></td>
<td>o WECC/TEPPC</td>
<td>Salt Lake City, Utah</td>
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<td>o Sub-regional planning groups</td>
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<td>o Individual transmission providers</td>
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<td></td>
<td>o Development of components of a Western Planning Process Strawman</td>
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<td>April 16 - May 7, 2007</td>
<td>Open comment period for NTTG Straw Proposal</td>
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<tr>
<td>May 23-24, 2007</td>
<td>Final walk-thru and review of NTTG strawman and cost allocation</td>
<td>NTTG Public Stakeholder Meeting</td>
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<tr>
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<td>process. Final comments due May 24th</td>
<td>Portland, OR</td>
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<tr>
<td>May 29, 2007</td>
<td>NTTG Strawman posted on NTTG Website and TP OASIS</td>
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<td>FERC Technical Conference</td>
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NTTG Planning Process
– Key Features

• Two step planning & implementation process to inform stakeholders and facilitate implementation of individual or joint projects
  – Inform on benefits, costs, and cost allocation
  – Within present OATT responsibilities & framework, give practical level of up front cost certainty
Figure 2: Two Step Planning and Implementation Process

Step 1: Northern Tier Transmission Group Planning Process

1. Annual NTTG Planning Process:
   - Identify Needs, Least Cost Expansion Project Alternatives, Technical Benefits, Project Costs

2. Expansion Plan & Projects With Benefits Parsed


4. Draft Annual Expansion Plan

5. NTTG Steering Committee Plan Approval

   - Approved


8. Customer Decision Process
   - Informed Customers, Stakeholders, Other Interested Parties

9. Formal OATT Transmission Service Process:
   - NT Need & PTP Requests, Firm Need & Reliability Planning

Step 2: Individual Transmission Provider Project Implementation Process

10. Service Request Aggregation Process
    - Via NTTG Open Season or Coordination

11. Coordinated Queue & Refined Requests

12. Transmission Provider OATT Process

13. Construction Plan, Permitting, Build

14. TP Regulatory Approval and Rate Process
Key Features, Continued

- Three level integrated process produces synchronized, coordinated single system plan with local, sub-regional, and regional stakeholders and neighboring systems.
  - Utilizes WECC & WECC TEPPC for congestion and economic studies, base cases, other
  - Coordinates with neighboring planning groups via direct coordination, joint study teams, and through WECC
  - Stakeholder and member process to determine study priority.
  - Utilizes NWPP TPC - NTAC to identify overlapping projects effecting parties outside NTTG but within NWPP footprint, establishment of joint study teams; and to help triage NWPP footprint study requests to WECC TEPPC.
A Synchronized Study Cycle

Note: All activities are open with stakeholder participation

Combined Study Plan Development

Sub-regional Studies

TEPPC Historical Analysis

Sub-regional Evaluations

TEPPC Congestion Studies

TEPPC Evaluation of Studies

TEPPC Combined Report

Modeling Improvements

Identification Of Needed Improvements

Study Review and Requests

Improved models available for next cycle

Methodology updates and new issues to be addressed in next cycle

Study issues and new study requests to be considered in next cycle

Figure 6: Western TEPPC Study Cycle
Key Features, Continued

• Cost Allocation Committee in Planning Step
  – Comprised of State regulatory & consumer staff, member representatives
  – Develops and applies cost allocation principles, determines cost allocation for projects included in the Plan subsequently approved by the Steering Committee
Northern Tier cost allocation

Steve Oxley
Chair - NTTG Cost Allocation Committee
State of Wyoming
Public Service Commission

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Cost Allocation Straw Proposal

• Agenda
  – Proposal Development
  – Cost Types & Principles
  – Proposed Process
Proposal Development

• Cost Allocation Principles Work Group
  – Created by Steering Committee
    • To Develop Principles
    • To Develop Process in Synch with Planning
    • To Respond to Order 890
    • To Solicit Input
      – From state agencies, other NTTG members, & public process
  – Work Group Products
    • Draft Proposals Posted on Website 4/13 & 5/15
    • Straw Proposal Posted on Website 5/29
Proposal Development

• Starting Point: Cost Types & Principles
  – Committee on Regional Electric Power Cooperation (CREPC) White Paper – 2005

• CREPC formed the Transmission Regulatory Principles Work Group (TREG) to respond to recommendations in the Rocky Mountain Area Transmission Study (RMATS) Phase I report
  – To examine transmission regulatory issues and
  – To make recommendations on potential common regional regulatory principles and procedures
Proposal Development

• Starting Point: Process
  – Original…Filing Cost Allocation Proposal with Steering Committee for Formal Determination
    • Problem: Prejudgment for state members
    • Problem: Focus on individual projects, not on comprehensive planning results
  – Revised…Cost Allocation Committee In Lockstep with Planning Process
    • Benefit: Part of Annual & Biennial Plan Report
    • Benefit: Steering Committee Makes Final Decisions on Plan Reports, including Cost Allocation
Straw Proposal: Cost Types

- Type 1: Provision of Retail Service to Transmission Owner’s Native Load
- Type 2: Provision of Wholesale Services
- Type 3: Alternatives to/Deferrals of Transmission Line Costs
- Types 1 & 2: Mixed Purposes
  - Any given project may have multiple cost types!
Straw Proposal: Principles

• Principle 1: Equity
  – Cost causers = cost bearers
  – Beneficiaries pay

• Principle 2: Efficiency
  – Supports federal and/or state resource choice policies
  – Efficient & stable resource planning processes
• Principle 3: Fair & Full Cost Allocation
  – Reasonable opportunity for full cost recovery, \textbf{but no more}
  – Multi-jurisdictional allocations
  – Not automatic reallocation in the event of less than full cost recovery

• Principle 4: Wholesale & Merchant Project
  – Type 2 Costs
  – Outside Scope of NTTG Cost Allocation
Straw Proposal: Process

• Cost Allocation Committee
  – Appointed by state agency and publicly and consumer-owned NTTG members

• Responsibility for Providing Sufficient Information
  – Project developers, requestors, other interested stakeholders
    – NOT THE COMMITTEE!
  – Encouraging negotiated cost allocation solutions
Straw Proposal: Process

- Step 1: Application
- Step 2: Review & Response
- Step 3: Analysis during Planning Process
- Step 4: Recommendations for Plan Report
- Steps 5 - 7: Steering Committee
  - Determination Letter – Plan & Cost Allocation
  - Project Updates/Additional Review
  - Dispute Resolution
Summary

• Next Steps:
  – Formation of Cost Allocation Committee
  – Get to Work! (Planning Process)