

150 FERC ¶ 61,204  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 18, 2015

In Reply Refer To:  
NorthWestern Corporation  
Docket No. ER15-675-000

NorthWestern Corporation  
208 N. Montana Avenue, Suite 205  
Helena, MT 59601

Attention: M. Andrew McLain  
Corporate Counsel & Compliance Officer

Dear Mr. McLain:

1. On December 19, 2014, NorthWestern Corporation (NorthWestern) submitted revisions to Schedule 4 (Energy Imbalance Service) and Schedule 9 (Generator Imbalance Service) of its Montana Open Access Transmission Tariff (OATT) pursuant to section 205 of the Federal Power Act<sup>1</sup> and Part 35 of the Commission's regulations.<sup>2</sup> NorthWestern explains that it previously relied on a third party to provide energy imbalance services under Schedule 4 and Schedule 9 of its OATT; however, going forward, NorthWestern will provide these imbalance services to its transmission customers.

2. NorthWestern proposes to amend Schedule 4 and Schedule 9 to revise the compensation mechanism under which the cost of providing imbalance services is calculated. Specifically under Schedule 4 and Schedule 9, NorthWestern proposes to delete references to compensation for energy and generator imbalances based upon system incremental costs and system decremental costs defined as NorthWestern's actual weighted average cost under third-party contracts. Under revised Schedule 4 and Schedule 9, NorthWestern will base compensation for energy and generator imbalances upon NorthWestern's hourly Energy Imbalance Cost, which will be based upon the

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<sup>1</sup> 16 U.S.C. § 824d (2012).

<sup>2</sup> 18 C.F.R. pt. 35 (2014).

published weighted average of the Powerdex Mid-Columbia Hourly Index. NorthWestern states that this index is a fair proxy for hourly transactional prices in the Northwest and has been previously accepted by the Commission.<sup>3</sup> NorthWestern also proposes to remove references to high and low index pricing and volumetric price differentials, replacing them with a single market proxy settlement cost.

3. Notice of NorthWestern's filing was published in the *Federal Register*, 79 Fed. Reg. 78,082 (2014), with interventions and protests due on or before January 9, 2015. Timely motions to intervene were filed by the Montana Large Customer Group and Powerex Corp. Additionally, out-of-time motions to intervene were filed by PPL EnergyPlus, LLC and PPL Montana, LLC (collectively, PPL) on January 12, 2015, and NaturEner USA, LLC (NaturEner) on January 14, 2015. On January 16, 2015, PPL filed a motion to file comments out-of-time. On January 22, 2015, NorthWestern filed a response to PPL's motion to file comments out-of-time.

4. PPL states that it generally supports NorthWestern's revisions. However, it requests confirmation that the Energy Imbalance Cost shall be the published weighted average of the Powerdex Mid-Columbia Hourly Index *only*, and not include any other costs or adjustments to that index. PPL also requests that, in addition to posting the total net MWh of energy supplied or received for each hour of the previous month, NorthWestern also post on OASIS: (1) the total MWh of under-delivery for each hour of the previous month; (2) the total MWh of over-delivery for each hour of the previous month; and (3) the total penalties incurred for each hour of the previous month. PPL states that the additional information will allow it and other customers to assess the amounts owed and owing for imbalances and to determine whether the imbalance credits are correctly allocated based upon imbalance penalties NorthWestern collects.

5. In response, NorthWestern argues that PPL's late-filed comments are prohibited by the Commission's rules.<sup>4</sup> Nevertheless, NorthWestern clarifies that "will be" under Schedules 4 and 9 means that the Energy Imbalance Cost "is the published weighted average of the Powerdex Mid-Columbia Hourly Index for each hour."<sup>5</sup> NorthWestern also states that the posting of additional data on OASIS would not achieve PPL's stated

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<sup>3</sup> NorthWestern Transmittal letter at 3 (citing *NorthWestern Corp.*, 145 FERC ¶ 61,173, at P 11 (2013)).

<sup>4</sup> NorthWestern answer at 2 (citing 18 C.F.R. § 385.210(b)). NorthWestern also states that the case cited by PPL to support its late filing, *Decatur Energy Ctr., LLC*, 110 FERC ¶ 61,045, at PP 8-9 (2005), is inapposite because in that proceeding the late filing provided additional relevant facts. In contrast, NorthWestern argues that PPL's late filing does not provide additional relevant facts, and therefore should not be accepted.

<sup>5</sup> *Id.* at 1 n. 1 (emphasis in original).

purpose. NorthWestern states that although PPL asserts that the data is necessary to check the assessment and distribution of penalty revenues, imbalance penalties are assessed based on individual customer performance in relation to its schedules, as opposed to the balancing authority area's aggregate performance. NorthWestern adds that compliance with PPL's request would require NorthWestern to post individual customer performance data for each hour, which would violate NorthWestern's obligation as a transmission provider to protect non-public transmission customer information. Finally, NorthWestern asserts that its OATT already contains OASIS posting requirements that exceed the *pro forma* OATT requirements.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), we will grant the late-filed motions to intervene of PPL and NaturEner given their interests in the proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept NorthWestern's answer because it has provided information that assisted us in our decision-making process.

7. We find NorthWestern's proposed revisions to Schedule 4 and Schedule 9 just and reasonable, and will therefore accept them to be effective March 19, 2015, as requested. First, we find that NorthWestern's proposal to base hourly compensation for energy imbalances and generator imbalances on the published weighted average of the Powerdex Mid-Columbia Hourly Index is consistent with the Commission's requirement to specifically identify the index to be used to calculate rates. We note that the Commission has previously accepted NorthWestern's use of the Powerdex Mid-Columbia Hourly Index to price energy.<sup>6</sup>

8. We also note that NorthWestern's proposed revisions state that "[t]he hourly [Energy Imbalance Cost] will be based upon the published weighted average of the Powerdex Mid-Columbia Hourly Index" and in its answer NorthWestern clarifies that "will be" in the above statement means that NorthWestern's energy imbalance cost "is" the published weighted average of the Powerdex Mid-Columbia Hourly Index.<sup>7</sup> Thus, we find the tariff revision is sufficiently clear in light of NorthWestern's clarification.

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<sup>6</sup> *NorthWestern Corp.*, 138 FERC ¶ 61,061 (2012); *NorthWestern Corp.*, 145 FERC ¶ 61,173.

<sup>7</sup> NorthWestern answer at 1 n. 1.

9. Finally, we will not require NorthWestern to post the additional information PPL requested, as described *supra* P 4. The Commission's *pro forma* OATT does not specifically prescribe the posting of information on OASIS with regard to imbalances under Schedule 4 or Schedule 9; thus, we will not require NorthWestern to post the additional information on OASIS.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.