

143 FERC ¶ 61,151
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

PacifiCorp	Docket Nos. ER13-64-000
Deseret Generation & Transmission Cooperative, Inc.	ER13-65-000
NorthWestern Corporation	ER13-67-000
Portland General Electric Company	ER13-68-000
Idaho Power Company	ER13-127-000

ORDER ON COMPLIANCE FILING

(Issued May 17, 2013)

	<u>Paragraph Numbers</u>
I. Background	<u>2.</u>
II. Compliance Filings	<u>5.</u>
III. Notice of Filing and Responsive Pleadings.....	<u>9.</u>
IV. Discussion	<u>10.</u>
A. Procedural Matters	<u>10.</u>
B. Substantive Matters	<u>12.</u>
1. Regional Transmission Planning Requirements.....	<u>13.</u>
a. Transmission Planning Region.....	<u>14.</u>
i. Filing Parties' Compliance Filings	<u>17.</u>
ii. Protests/Comments	<u>19.</u>
iii. Commission Determination.....	<u>20.</u>
b. Order No. 890 and other Regional Transmission Planning Process General Requirements.....	<u>25.</u>
i. Coordination	<u>26.</u>
(a) Filing Parties' Compliance Filings	<u>27.</u>
(b) Protests/Comments	<u>29.</u>
(c) Commission Determination	<u>30.</u>
ii. Openness.....	<u>31.</u>

(a) Filing Parties' Compliance Filings	<u>32.</u>
(b) Protests/Comments	<u>34.</u>
(c) Commission Determination	<u>37.</u>
iii. Transparency	<u>42.</u>
(a) Filing Parties' Compliance Filings	<u>43.</u>
(b) Protests/Comments	<u>44.</u>
(c) Commission Determination	<u>47.</u>
iv. Information Exchange	<u>50.</u>
(a) Filing Parties' Compliance Filings	<u>51.</u>
(b) Protests/Comments	<u>52.</u>
(c) Commission Determination	<u>53.</u>
v. Comparability	<u>55.</u>
(a) Filing Parties' Compliance Filings	<u>56.</u>
(b) Protests/Comments	<u>58.</u>
(c) Commission Determination	<u>59.</u>
vi. Dispute Resolution.....	<u>60.</u>
(a) Filing Parties' Compliance Filings	<u>61.</u>
(b) Protests/Comments	<u>63.</u>
(c) Commission Determination	<u>64.</u>
vii. Economic Planning Studies	<u>66.</u>
(a) Filing Parties' Compliance Filings	<u>67.</u>
(b) Protests/Comments	<u>69.</u>
(c) Commission Determination	<u>70.</u>
c. Requirement to Plan on a Regional Basis to Identify More Efficient or Cost- Effective Transmission Solutions	<u>71.</u>
i. Affirmative Obligation to Plan	<u>74.</u>
(a) Filing Parties' Compliance Filings	<u>74.</u>
(b) Protests/Comments	<u>81.</u>
(c) Commission Determination	<u>82.</u>
ii. Planning Horizon.....	<u>89.</u>
(a) Filing Parties' Compliance Filings	<u>89.</u>
(b) Protests/Comments	<u>90.</u>
(c) Commission Determination	<u>91.</u>
iii. Proposed Governance Structure	<u>92.</u>
(a) Filing Parties' Compliance Filings	<u>92.</u>
(b) Protests/Comments	<u>99.</u>
(c) Commission Determination	<u>100.</u>
iv. Merchant Transmission Developers	<u>101.</u>
(a) Filing Parties' Compliance Filings	<u>101.</u>
(b) Protests/Comments	<u>102.</u>
(c) Commission Determination	<u>103.</u>
d. Consideration of Transmission Needs Driven by Public Policy Requirements	<u>105.</u>
i. Consideration of Transmission Needs Driven by Public Policy	

Requirements in the Regional Transmission Planning Process.....	<u>110.</u>
(a) Regional Transmission Planning Process – Filing Parties’ Compliance Filings	<u>111.</u>
(b) Regional Transmission Planning Process – Protests/Comments.....	<u>115.</u>
(c) Regional Transmission Planning Process – Commission Determination	<u>118.</u>
ii. Consideration of Transmission Needs Driven by Public Policy	
Requirements in the Local Transmission Planning Processes.....	<u>130.</u>
(a) Local Transmission Planning Process – Filing Parties’ Compliance Filings	<u>131.</u>
(b) Local Transmission Planning Process – Protests/Comments	<u>135.</u>
(c) Local Transmission Planning Process – Commission Determination	<u>136.</u>
2. Nonincumbent Transmission Developer Reforms	<u>141.</u>
a. Federal Rights of First Refusal.....	<u>142.</u>
i. Filing Parties’ Compliance Filings	<u>145.</u>
ii. Protests/Comments	<u>146.</u>
iii. Commission Determination.....	<u>147.</u>
b. Qualification Criteria.....	<u>148.</u>
i. Filing Parties’ Compliance Filings	<u>151.</u>
ii. Protests/Comments	<u>155.</u>
iii. Commission Determination.....	<u>156.</u>
c. Information Requirements.....	<u>161.</u>
i. Filing Parties’ Compliance Filings	<u>163.</u>
ii. Protests/Comments	<u>166.</u>
iii. Commission Determination.....	<u>168.</u>
d. Evaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation	<u>174.</u>
i. Filing Parties’ Compliance Filings	<u>176.</u>
ii. Protests/Comments	<u>178.</u>
iii. Commission Determination.....	<u>179.</u>
e. Reevaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation	<u>183.</u>
i. Filing Parties’ Compliance Filings	<u>184.</u>
ii. Protests/Comments	<u>190.</u>
iii. Commission Determination.....	<u>191.</u>
f. Cost Allocation for Transmission Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation	<u>196.</u>
i. Filing Parties’ Compliance Filing.....	<u>198.</u>
ii. Protests/Comments	<u>199.</u>
iii. Commission Determination.....	<u>200.</u>
3. Cost Allocation	<u>202.</u>
a. Cost Allocation Principles	<u>213.</u>
i. Filing Parties’ Compliance Filings	<u>213.</u>
ii. Protests/Comments	<u>226.</u>

iii. Commission Determination.....	<u>238.</u>
b. Transmission Project Eligibility for Regional Cost Allocation	<u>264.</u>
i. Filing Parties' Compliance Filings	<u>264.</u>
ii. Protests/Comments	<u>266.</u>
iii. Commission Determination	<u>268.</u>
c. Participant Funding	<u>270.</u>
i. Filing Parties' Compliance Filings	<u>270.</u>
ii. Protests/Comments	<u>271.</u>
iii. Commission Determination	<u>273.</u>
d. Ownership Rights.....	<u>275.</u>
i. Filing Parties' Compliance Filings.....	<u>275.</u>
ii. Protests/Comments	<u>276.</u>
iii. Commission Determination.....	<u>277.</u>
e. Cost Recovery	<u>278.</u>
i. Protests/Comments	<u>278.</u>
ii. Commission Determination.....	<u>279.</u>

1. On October 10, 2012 and October 15, 2012,¹ PacifiCorp, Deseret, NorthWestern Montana, Portland General, and Idaho Power (collectively, Filing Parties) respectively submitted, pursuant to section 206 of the Federal Power Act (FPA),² revisions to their transmission planning processes under their respective Open Access Transmission Tariffs (OATTs) to comply with Order No. 1000.³ Specifically, Filing Parties propose revisions to their respective local and regional transmission planning processes, in order to address the transmission planning and cost allocation requirements of Order No. 1000. In this

¹ PacifiCorp, Deseret Generation & Transmission Cooperative, Inc. (Deseret), NorthWestern Corporation (NorthWestern Montana), and Portland General Electric Company (Portland General) submitted revisions to Attachment K of their Open Access Transmission Tariffs on October 10, 2012. Idaho Power Company (Idaho Power) submitted revisions to Attachment K of its Open Access Transmission Tariff on October 15, 2012.

² 16 U.S.C. § 824e (2006).

³ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

order, we accept Filing Parties' compliance filings, effective October 1, 2013, subject to further compliance filings, as discussed below.

I. Background

2. In Order No. 1000, the Commission amended the transmission planning and cost allocation requirements of Order No. 890⁴ to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Order No. 1000's transmission planning reforms require that each public utility transmission provider: (1) participate in a regional transmission planning process that produces a regional transmission plan; (2) amend its OATT to describe procedures for the consideration of transmission needs driven by public policy requirements established by local, state, or federal laws or regulations in the local and regional transmission planning processes; (3) remove federal rights of first refusal from Commission-jurisdictional tariffs and agreements for certain new transmission facilities; and (4) improve coordination between neighboring transmission planning regions for new interregional transmission facilities.

3. Order No. 1000's cost allocation reforms require that each public utility transmission provider participate in a regional transmission planning process that has: (1) a regional cost allocation method or methods for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation; and (2) an interregional cost allocation method or methods for the cost of new transmission facilities that are located in two neighboring transmission planning regions and are jointly evaluated by the two regions in the interregional transmission coordination procedures required by Order No. 1000. Order No. 1000 also requires that each cost allocation method satisfy six cost allocation principles.

4. The Commission acknowledged in Order No. 1000 that each transmission planning region has unique characteristics, and, therefore, Order No. 1000 accords transmission planning regions significant flexibility to tailor regional transmission planning and cost allocation processes to accommodate regional differences.⁵ Order No. 1000 does not prescribe the exact manner in which public utility transmission

⁴ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 61.

providers must fulfill the regional transmission planning requirements.⁶ Similarly, because the Commission did not want to prescribe a uniform method of cost allocation for every transmission planning region, Order No. 1000 adopts the use of cost allocation principles.⁷ The Commission stated that it was acting to identify a minimum set of requirements that must be met to ensure that all transmission planning processes and cost allocation mechanisms subject to its jurisdiction result in Commission-jurisdictional services being provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential, and it acknowledged that public utility transmission providers in some regions may already meet or exceed some requirements of Order No. 1000.⁸

II. Compliance Filings

5. Filing Parties submitted, in separate dockets, coordinated compliance filings that revise their respective Order No. 890-compliant transmission planning processes.⁹ Their individual filings contain a common transmittal letter and largely uniform proposed OATT revisions¹⁰ that seek to establish new transmission planning responsibilities for the Northern Tier Transmission Group (NTTG), the regional entity that, among other duties,

⁶ *Id.* P 157.

⁷ *Id.* P 604.

⁸ *Id.* P 13.

⁹ PacifiCorp, Transmission OATT and Service Agreements, Tariff, Attachment K (Transmission Planning Process) (1.0.0) (PacifiCorp OATT, Attachment K); Idaho Power Co., IPCo eTariff, Attachment K (Transmission Planning Process) (0.0.2) (Idaho Power OATT, Attachment K); Deseret Generation & Transmission Co-operative, Inc., OATT, Attachment K (Transmission Planning Process) (3.0.0) (Deseret OATT, Attachment K); NorthWestern Corporation (Montana), FERC Open Access Transmission Tariff Vol. 2, Attachment K (Transmission Planning Process) (1.0.0) (NorthWestern Montana OATT, Attachment K); Portland General Electric Co., Electric OATT Vol. No. 8, Attachment K (Transmission Planning Process) (2.0.0) (Portland General OATT, Attachment K). Citations to a Filing Party's existing OATT, instead of its proposed OATT revisions submitted as part of its compliance filing, will provide the full cite, including the current version numbers.

¹⁰ Given this uniformity, the Commission will cite to the transmittal letter and OATT of a single Filing Party, PacifiCorp, when referencing Filing Parties' proposal. Where differences between or among the filings are addressed, the Commission will cite to individual Filing Party's filings as appropriate.

currently oversees the development of a ten-year regional transmission plan for the NTTG footprint. Filing Parties seek an effective date for their compliance filings of October 1, 2013.

6. Filing Parties state that they each own and operate transmission facilities within the Northwest and Mountain states, and that they conduct local, single system transmission planning on an individual basis. Additionally, they explain that since 2008, NTTG has conducted a biennial transmission planning process for the NTTG footprint, which consists of an eight-quarter transmission planning cycle culminating in a ten-year regional transmission plan that coordinates the bulk electric system transmission plans of member transmission providers, provides for the integration of new generation, and reduces transmission congestion.¹¹ Moreover, each Filing Party has committed, through agreement and by providing funding, to participate in NTTG for regional transmission planning for purposes of Order No. 1000 compliance. Filing Parties explain that NTTG is comprised of a diverse group of members and that a broad range of stakeholders participate.¹²

7. Filing Parties propose a number of revisions to their respective OATTs to address Order No. 1000's requirements, as discussed more fully herein. Filing Parties also created the Regional Planning and Cost Allocation Practice (Practice Document), which, they state, contains a detailed description of the NTTG regional transmission planning process. In describing their proposal, Filing Parties explain the process through which they developed the proposed revisions. They state that NTTG formed two working groups, the Cost Allocation Working Group and the Planning Working Group, to address the requirements and clarifications provided in Order No. 1000. Filing Parties assert that stakeholder input was solicited throughout this effort.¹³

8. Filing Parties explain that NTTG's activities are governed by its Steering Committee, which is comprised of representatives from three membership classes. The Steering Committee will be responsible for, among other things, approving a regional transmission plan that includes cost allocation determinations. Filing Parties state that two subcommittees will report to the Steering Committee: the Planning Committee, which will be responsible for producing the regional transmission plan, and the Cost Allocation Committee, which will be responsible for conducting the cost allocation process. Filing Parties state that the NTTG transmission planning process provides

¹¹ To date, NTTG has completed two biennial transmission planning and cost allocation cycles. *E.g.*, PacifiCorp Transmittal Letter at 6.

¹² *E.g.*, *id.* at 3-4.

¹³ *E.g.*, *id.* at 7-10.

participation opportunities to all interested parties and a stakeholder does not need to join a committee in order to participate in the regional transmission planning process.¹⁴

III. Notice of Filing and Responsive Pleadings

9. Notice of Filing Parties' compliance filings was published in the *Federal Register*, 77 Fed. Reg. 64,502 (2012), with interventions and protests due on or before November 9, 2012, subsequently extended to November 26, 2012. Appendix A contains the list of interveners, commenters, protesters, and entities filing answers in these proceedings.¹⁵

IV. Discussion

A. Procedural Matters

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2012), the notices of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

11. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2012), the Commission will grant NW Energy Coalition's late-filed motion to intervene given its interest in the proceeding, the early stage of the proceeding, and the absence of any undue prejudice or delay. We also accept the late-filed comments by AWEA and reply comments by Utah Industrial Energy Consumers.

B. Substantive Matters

12. We find that Filing Parties' compliance filings partially comply with the regional transmission planning and cost allocation requirements adopted in Order No. 1000. Accordingly, we will accept Filing Parties' compliance filings to be effective October 1, 2013, subject to further compliance filings as discussed below. We direct Filing Parties to file the further compliance filings within 120 days of the date of issuance of this order.

¹⁴ *E.g., id.* at 3-4.

¹⁵ Given that Filing Parties filed a joint regional transmission planning proposal, we will address comments and protests filed in dockets for individual Filing Parties (*e.g.*, the PPL Companies Protest) as comments and protests filed regarding the joint proposal, except in instances where the comments or protests address provisions specific to an individual Filing Party's OATT.

1. Regional Transmission Planning Requirements

13. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that complies with the identified transmission planning principles of Order No. 890 and that, in consultation with stakeholders, results in the development of a regional transmission plan.¹⁶ The regional transmission plan will identify transmission facilities that meet the region's reliability, economic, and Public Policy Requirements-related¹⁷ needs more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning processes.¹⁸ A primary objective of the reforms in Order No. 1000 is to ensure that transmission planning processes at the regional level consider and evaluate, on a non-discriminatory basis, possible transmission alternatives and produce a transmission plan that can meet a transmission planning region's needs more efficiently and cost-effectively.¹⁹

a. Transmission Planning Region

14. Order No. 1000 specifies that a transmission planning region is one in which public utility transmission providers, in consultation with stakeholders and affected states, have agreed to participate for purposes of regional transmission planning and development of a single regional transmission plan.²⁰ The scope of a transmission planning region should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions.²¹ However, an individual public utility transmission provider cannot, by itself, satisfy the regional transmission planning requirements of Order No. 1000.²²

15. In addition, Order No. 1000 requires that public utility transmission providers explain in their compliance filings how they will determine which transmission facilities evaluated in their local and regional transmission planning processes will be subject to

¹⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 6, 11, 146.

¹⁷ Public policy requirements are defined and described below in section IV.B.1.d.

¹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 11, 148.

¹⁹ *Id.* PP 4, 6.

²⁰ *Id.* P 160.

²¹ *Id.* (citing Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 527).

²² *Id.*

the requirements of Order No. 1000.²³ Order No. 1000's requirements are intended to apply to new transmission facilities, which are those transmission facilities that are subject to evaluation, or reevaluation as the case may be, within a public utility transmission provider's local or regional transmission planning process after the effective date of the public utility transmission provider's compliance filing.²⁴ Each region must determine at what point a previously approved project is no longer subject to reevaluation and, as a result, whether it is subject to these requirements.²⁵

16. Order No. 1000-A states that public utility transmission providers in each transmission planning region must have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region.²⁶ Each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) must include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.²⁷ A non-public utility transmission provider will not be considered to have made the choice to join a transmission planning region and thus be eligible to be allocated costs under the regional cost allocation method until it has enrolled in the transmission planning region.²⁸

i. Filing Parties' Compliance Filings

17. Filing Parties state that they will engage in regional transmission planning as members of NTTG and will support NTTG's planning and cost allocation processes through funding a share of NTTG and providing employee support of NTTG's planning, cost allocation, and administrative efforts.²⁹ Filing Parties also state that they are

²³ *Id.* PP 65, 162.

²⁴ *Id.*

²⁵ *Id.*

²⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 275.

²⁷ *Id.*

²⁸ *Id.* PP 276-277.

²⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.2.1.

signatories to the 2012-2013 NTTG Funding Agreement,³⁰ which reflects those entities that currently fund NTTG activities, the amount of funding, and the terms and conditions under which funding is provided.³¹ Filing Parties state that the NTTG footprint is defined by the service territories of those entities that have executed the NTTG Funding Agreement.³²

18. The Filing Parties state that NTTG conducts its regional transmission planning process on a biennial basis starting in even years, and is currently in the midst of its third biennial transmission planning cycle, which will conclude at the end of 2013.³³ Filing Parties state that because the requirements of Order No. 1000 are intended to apply prospectively to new transmission facilities, and so as to permit NTTG's ongoing work in its existing transmission planning cycle to be completed without disruption, the Filing Parties request an effective date of October 1, 2013 for the revisions to their Attachment Ks to be applied to the 2014-15 transmission planning cycle.³⁴

ii. Protests/Comments

19. LS Power objects to the October 1, 2013 effective date requested by Filing Parties for their compliance filings, arguing that the new transmission planning process should apply at the beginning of the next quarter of the local and regional transmission planning processes following Commission action.³⁵

iii. Commission Determination

20. As discussed further below, we find Filing Parties' proposal, as it relates to the enrollment process and the description of the transmission facilities that will be subject to the requirements of Order No. 1000, partially complies with the requirements of Order

³⁰ *E.g.*, PacifiCorp Transmittal Letter at 4 (citing *Portland General Elec. Co.*, Docket No. ER12-719-000 (Feb. 27, 2012) (delegated letter order accepting the 2012-2013 NTTG Funding Agreement)).

³¹ Filing Parties state that signatories to the Funding Agreement include the Filing Parties and the Utah Association of Municipal Power Systems, a non-public utility as defined in section 201(e) of the FPA. *E.g.*, PacifiCorp Transmittal Letter at 4 n.8.

³² *E.g.*, *id.* at 4 n.7.

³³ *E.g.*, *id.* at 6.

³⁴ *E.g.*, *id.* at 33.

³⁵ LS Power Protest at 9.

No. 1000. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings to: (1) revise their respective OATTs to include a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region; (2) include, in their respective OATTs, a list of all the public utility and non-public utility transmission providers that have enrolled; (3) identify to which transmission facilities within Filing Parties' existing local and regional transmission planning processes the proposed OATT revisions will apply as of the effective date of Filing Parties' compliance filings; and (4) explain how Filing Parties will evaluate those transmission projects currently under consideration in those existing transmission planning processes.

21. In Order No. 1000, the Commission recognized that every public utility transmission provider has already included itself in a region for purposes of complying with Order No. 890 and that the existing regional processes should guide public utility transmission providers in formulating transmission planning regions to comply with the requirements of Order No. 1000.³⁶ We find that NTTG's footprint is properly governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting the NTTG region. We also note that the NTTG footprint remains largely unchanged from the scope of the region that the Commission previously accepted as part of Filing Parties' compliance with respect to Order No. 890.³⁷ Thus, we find that the scope of the NTTG region complies with the requirements of Order No. 1000.

22. Order No. 1000-A requires public utility transmission providers in each transmission planning region to have a clear enrollment process that defines how entities, including non-public utility transmission providers, make the choice to become part of the transmission planning region. Order No. 1000-A also requires that each public utility transmission provider (or regional transmission planning entity acting for all of the public utility transmission providers in its transmission planning region) include in its OATT a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in its transmission planning region.³⁸ Although Filing Parties state that they will engage in regional transmission planning as members of

³⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 160.

³⁷ *Idaho Power Co.*, 124 FERC ¶ 61,053 (2008), *order on compliance*, 128 FERC ¶ 61,064 (2009), *order on further compliance*, Docket No. OA08-23-002 (Apr. 8, 2010) (unpublished letter order).

³⁸ Order No. 1000-A, 139 FERC ¶ 61,132 at P 275.

NTTG,³⁹ Filing Parties have not reflected an enrollment process in their respective OATTs that defines how entities, including non-public utility transmission providers, make the choice to become part of the NTTG transmission planning region, nor have they included in their OATTs a list of those who have made the choice to enroll as transmission providers in the NTTG transmission planning region. We therefore direct each Filing Party to revise its OATT accordingly to reflect an enrollment process and to include a list of all the public utility and non-public utility transmission providers that have enrolled as transmission providers in the NTTG transmission planning region.

23. We grant Filing Parties' proposed October 1, 2013 effective date for their respective revised OATTs, so that the proposed Order No. 1000 revisions will apply to NTTG's next biennial transmission planning cycle (i.e., the 2014-2015 transmission planning cycle). We are persuaded by Filing Parties that implementation should be aligned with the start of their next biennial regional transmission planning cycle in order to permit NTTG to continue its ongoing work on its current regional transmission plan, which concludes at the end of 2013. We disagree with LS Power's argument that the revisions should apply to the next quarter of the ongoing transmission planning cycle after Commission approval of Filing Parties' proposal.

24. However, Filing Parties do not explain which transmission facilities, including those transmission projects currently under consideration in Filing Parties' existing Order No. 890-compliant local and regional transmission planning processes, will be subject to the regional transmission planning process that the Commission determines complies with Order No. 1000 (i.e., which facilities are deemed new transmission facilities subject to evaluation or reevaluation in the next biennial regional transmission planning cycle).⁴⁰ Therefore, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings to: (1) identify to which transmission facilities within Filing Parties' existing local and regional transmission planning processes the proposed OATT revisions will apply as of the effective date of Filing Parties' compliance filings; and (2) explain how Filing Parties will evaluate those transmission projects currently under consideration in those existing transmission planning processes.

b. Order No. 890 and other Regional Transmission Planning Process General Requirements

25. Order No. 1000 requires that each public utility transmission provider participate in a regional transmission planning process that produces a regional transmission plan and that complies with certain transmission planning principles of Order No. 890

³⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.2.1.

⁴⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 65, 162.

identified in Order No. 1000.⁴¹ The process used to produce the regional transmission plan must satisfy the following Order No. 890 transmission planning principles: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; and (7) economic planning.⁴² These transmission planning principles, which were adopted with respect to local transmission planning processes pursuant to Order No. 890, must now be applied to the regional transmission planning processes established in Order No. 1000. We will assess Filing Parties' compliance with each of these principles individually.

i. Coordination

26. The coordination principle requires public utility transmission providers to provide customers and other stakeholders with the opportunity to participate fully in the planning process. The purpose of this requirement is to eliminate the potential for undue discrimination in planning by opening appropriate lines of communication between public utility transmission providers, their transmission-providing neighbors, affected state authorities, customers, and other stakeholders. The planning process must provide for the timely and meaningful input and participation of customers and other stakeholders regarding the development of transmission plans, allowing customers and other stakeholders to participate in the early stages of development.⁴³

(a) Filing Parties' Compliance Filings

27. Filing Parties state that their respective Attachment Ks indicate that stakeholders may participate directly in the NTTG transmission planning process or participate indirectly through the relevant transmission provider's process during development of the local transmission system plan.⁴⁴ Filing Parties explain that, in developing the regional transmission plan, NTTG will hold quarterly meetings which will be open to all stakeholders, including, but not limited to, eligible customers, other transmission providers, federal, state and local commissions and agencies, trade associations, and consumer advocates. Filing Parties also detail the activities NTTG will undertake each

⁴¹ *Id.* PP 146, 151.

⁴² *Id.* P 151. These transmission planning principles are explained more fully in Order No. 890.

⁴³ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 451-454.

⁴⁴ *E.g.*, PacifiCorp OATT, Attachment K § 3.1.

quarter to develop the regional transmission plan and describe the role of stakeholders in that process.⁴⁵

28. Filing Parties state that stakeholders will have various opportunities to participate throughout the eight-quarter transmission planning process including: (1) submitting proposed transmission needs driven by public policy requirements; (2) submitting economic congestion study requests; (3) providing input on evaluation criteria for selecting proposals in the regional transmission plan; and (4) submitting comments on the draft regional transmission plan.⁴⁶ Additionally, Filing Parties' OATTs provide that any stakeholder may submit data to be evaluated as part of the preparation of the regional transmission plan, including alternate solutions to the identified transmission needs set out in the transmission provider's local transmission plan and prior NTTG biennial regional transmission plans.⁴⁷ Filing Parties' OATTs specify that any stakeholder may comment on NTTG study criteria, assumptions, or results by directly participating in NTTG or by submitting comments to the relevant transmission provider.⁴⁸

(b) Protests/Comments

29. No comments or protests were filed regarding this issue.

(c) Commission Determination

30. We find that the Filing Parties' compliance filings comply with the coordination principle because the NTTG regional transmission process, as described above, provides customers and stakeholders a variety of opportunities to participate in the early stages of the regional transmission plan's development. These opportunities are included in the proposed OATT revisions and are detailed further in the Practice Document, and we find that these avenues for stakeholder participation and lines of communications between relevant entities are consistent with the Order No. 890 coordination principle.

⁴⁵ *E.g., id.* §§ 3.3, 3.4.

⁴⁶ *E.g., id.* §§ 3.3, 3.4, 3.5; *see also* Practice Document § II.2.2.

⁴⁷ *E.g., id.* § 3.3.2.

⁴⁸ *E.g.,* PacifiCorp OATT, Attachment K § 3.4.3; *see also* Practice Document § II.2.4. The Practice Document includes a timeline that indicates opportunities for stakeholder participation throughout the biennial transmission planning process.

ii. Openness

31. The openness principle requires that transmission planning meetings be open to all affected parties including, but not limited to, all transmission and interconnection customers, state authorities, and other stakeholders. Although the Commission recognized in Order No. 890 that it may be appropriate in certain circumstances to limit participation in a meeting to a subset of parties, such as a particular meeting of a sub-regional group, the Commission emphasized that the overall development of the transmission plan and the planning process must remain open. Public utility transmission providers, in consultation with affected parties, must also develop mechanisms to manage confidentiality and Critical Energy Infrastructure Information (CEII) concerns, such as confidentiality agreements and password protected access to information.⁴⁹

(a) Filing Parties' Compliance Filings

32. Filing Parties state that, at the end of each quarter of the transmission planning cycle, the NTTG Planning Committee will convene a meeting, open to all stakeholders,⁵⁰ including but not limited to, eligible customers, other transmission providers, federal, state and local commissions and agencies, trade associations and consumer advocates, to present a status report on the development of the regional transmission plan, summarize the substantive results of the quarter, present drafts of documents, and receive comments. The date and time of the public meetings will be posted on the NTTG website and NTTG will select the location of the public meeting or hold the meeting by telephone, video, or internet conference.⁵¹ In addition, Filing Parties state that the Steering Committee, Planning Committee, and Cost Allocation Committee meetings are open to all stakeholders, subject to the need to protect critical infrastructure and other sensitive information, as applicable.⁵²

33. Filing Parties note that any stakeholder may attend meetings and comment on the NTTG transmission planning and cost allocation criteria, assumptions or results throughout the regional transmission planning process, irrespective of membership in the

⁴⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 460.

⁵⁰ We interpret this term consistent with Order No. 1000, which explained that the term “stakeholder” is intended to include any interested party. *See* Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at n.143 (citing *Southern Co. Svcs., Inc.*, 127 FERC ¶ 61,282, at PP 14-16 (2009)).

⁵¹ *E.g.*, PacifiCorp OATT, Attachment K § 3.4.1.

⁵² *E.g.*, *id.* § 3.4.2; *see also, e.g.*, PacifiCorp Transmittal Letter at 4.

NTTG Planning or Cost Allocation Committees.⁵³ In addition, Filing Parties state that no fee is required for membership in the Planning Committee and no funding contributions are required of non-transmission providers.⁵⁴

(b) Protests/Comments

34. PPL Companies assert that Filing Parties' proposal lacks sufficient detail to ensure that stakeholders will be adequately notified of public meetings because it does not specify how far in advance stakeholders will be notified.⁵⁵ Accordingly, PPL Companies request that the Commission require Filing Parties to: (1) schedule meetings at a regularly scheduled time or provide at least one month advance notice of any planning meeting; (2) make a status report available at a scheduled date in advance of any meetings so that stakeholders have adequate time to prepare comments for the public meetings; and (3) provide telephone or video conferencing for every public meeting to ensure that interested stakeholders who are unable to travel to the meeting are able to participate.⁵⁶

35. PPL Companies also assert that more detail is needed to clarify the mechanisms that will be used to address confidentiality and CEII concerns. Specifically, they argue that the OATTs do not clearly define the rules that govern the disclosure of information and state that it is unclear whether those rules will allow for sufficient disclosure of information to all interested stakeholders to ensure that the public meetings will be open and transparent. PPL Companies claim that, in the past, they have been denied access to data based upon claims of confidentiality and CEII status and therefore believe that clarity is needed to ensure access to information going forward.⁵⁷

36. Additionally, PPL Companies request that a data request process be created that will allow stakeholders to access CEII data and all modeling assumptions used in all local and regional planning studies. They assert that there should also be a formal process for challenging determinations to withhold information based on CEII or confidentiality

⁵³ *E.g.*, PacifiCorp OATT, Attachment K §§ 3.4.2, 3.4.3; *see also, e.g.*, PacifiCorp Transmittal Letter at 4.

⁵⁴ *E.g.*, PacifiCorp Transmittal Letter at 5.

⁵⁵ PPL Companies Protest at 7-8.

⁵⁶ *Id.* at 8.

⁵⁷ *Id.*

grounds and a means to negotiate a resolution that promotes the disclosure of information while respecting confidentiality concerns.⁵⁸

(c) **Commission Determination**

37. We find that Filing Parties' compliance filings partially comply with the openness principle. Filing Parties meet the requirement that meetings be open to all affected parties. However, certain provisions addressing release of CEII and the provision of advance notice of meeting information are unclear. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise their OATTs to: (1) clarify the rules governing access and disclosure of planning data in the regional transmission planning process, and (2) provide the length of time that notice will be posted in advance of public meetings to ensure that stakeholders are provided adequate advance notice of meetings.

38. Filing Parties' proposed OATTs state that NTTG has developed rules governing access to and disclosure of regional planning data by members and further indicate that members of NTTG are required to execute non-disclosure agreements before regional transmission planning data are released.⁵⁹ Unlike Filing Parties' Order No. 890-compliant local transmission planning process, in which Filing Parties provide that the confidentiality agreement will be posted on each Filing Party's OASIS, Filing Parties have not provided the process for stakeholders to access and submit the standard non-disclosure agreements that stakeholders may execute with the NTTG planning members. To comply with Order No. 1000, Filing Parties must submit, within 120 days of the date of issuance of this order, further compliance filings revising their respective OATTs to include such a process, as well as either a standard non-disclosure agreement, or alternatively a hyperlink to the NTTG website location where the non-disclosure agreement can be found.

39. With respect to PPL Companies' request that the Filing Parties establish a formal process for challenging determinations to withhold information on CEII or confidentiality grounds and for negotiating a resolution, we find below in section IV.B.1.b.vi that the dispute resolution procedures set forth in Filing Parties' OATTs must apply to *all* disputes related to regional transmission planning activities, including CEII and confidentiality disputes. Therefore, no change is needed to Filing Parties' proposal beyond the changes ordered below with respect to the dispute resolution principle.

⁵⁸ *Id.* at 10.

⁵⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.4.2.

40. We disagree with PPL Companies' assertion that Filing Parties' proposal fails to provide adequate opportunity for participation by stakeholders. We find that consistent with the openness principle, the NTTG transmission planning meetings are open to all affected parties. Quarterly public meetings are held during which the NTTG Planning Committee will present information and provide opportunities for stakeholder input. Further, Filing Parties provide that the date and time of these public meetings will be posted on the NTTG website and state that NTTG may hold web-based or telephone-accessible meetings.⁶⁰ Filing Parties additionally provide that stakeholders may also attend the NTTG Steering, Planning, and Cost Allocation Committee meetings.

41. However, while Filing Parties state that they will provide notice of each upcoming regional meeting on their respective OASIS sites, we share PPL Companies' concern that stakeholders should be notified on a timely basis in advance of any scheduled meeting. Unlike Filing Parties' Order No. 890-compliant local transmission planning process, in which Filing Parties provide notice of public meetings no less than 10 business days' prior to the meeting,⁶¹ Filing Parties' respective OATTs do not specify how far in advance of NTTG's public meetings stakeholders will be notified. Accordingly, we direct Filing Parties to file, within 120 days of the issuance of this order, further compliance filings that revise Filing Parties' respective OATTs to state how far in advance notice of public meetings will be posted.

iii. Transparency

42. The transparency principle requires public utility transmission providers to reduce to writing and make available the basic methodology, criteria, and processes used to develop transmission plans, including how they treat retail native loads, in order to ensure that standards are consistently applied. To that end, each public utility transmission provider must describe in its planning process the method(s) it will use to disclose the criteria, assumptions and data that underlie its transmission system plans. The transparency principle requires that sufficient information be made available to enable customers, other stakeholders, and independent third parties to replicate the results of planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion.⁶²

⁶⁰ *E.g., id.* § 3.4.1.

⁶¹ *E.g., id.* § 2.1.5.

⁶² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 471.

(a) **Filing Parties' Compliance Filings**

43. Filing Parties state that, subject to CEII or other regulatory restrictions, each transmission provider will post the Biennial Study Plan,⁶³ which shall include: (1) the planning and cost allocation criteria, methodology, assumptions, databases, projects subject to reevaluation, and analysis tools used in the review of proposals for selection in the regional transmission plan for purposes of cost allocation; (2) an explanation of which transmission needs driven by public policy requirements and public policy considerations⁶⁴ will and will not be evaluated in each biennial transmission planning process, along with an explanation of why particular transmission needs driven by public policy requirements and public policy considerations were or were not considered; and (3) updates on progress and commitments to build received by NTTG.⁶⁵ Filing Parties further state that the Biennial Study Plan will be presented to stakeholders and NTTG Planning Committee members for comment at a public NTTG Planning Committee meeting in the second quarter of the transmission planning cycle.⁶⁶ In addition, each transmission provider will post on its respective OASIS any updates to the Biennial Study Plan.⁶⁷

(b) **Protests/Comments**

44. PPL Companies assert that Filing Parties' proposal does not provide enough detail regarding when and how information will be made available to stakeholders, the types of information that will be made available, and how the NTTG committees will operate and work with stakeholders. For example, PPL Companies state that section 3.2.5 of

⁶³ Additional detail regarding the preparation of the Biennial Study Plan and its role in the development of the NTTG regional transmission plan is provided below in section IV.B.1.c.i.

⁶⁴ Filing Parties define public policy requirements as "those public policy requirements that are established by state or federal laws or regulations, meaning enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction." *E.g.*, PacifiCorp OATT, Attachment K § 1.12. Public policy considerations are defined by Filing Parties as "those public policy considerations that are not established by state or federal laws or regulations." *E.g.*, *id.* § 1.11. Additional detail can be found in section IV.B.1.d below.

⁶⁵ *E.g.*, *id.* § 3.2.5.

⁶⁶ *E.g.*, *id.* § 3.3.3.

⁶⁷ *E.g.*, *id.* § 3.2.5.

NorthWestern's Attachment K requires NorthWestern to post on its OASIS site, subject to CEII restrictions, information regarding the Biennial Study Plan and the regional transmission plan.⁶⁸ However, according to PPL Companies, the posting requirement does not state at what point(s) during the process the information must be posted and made available so that stakeholders will be kept apprised of the status.⁶⁹

45. PPL Companies argue that it is unclear whether stakeholders will be provided the basic criteria, assumptions, and data that underlie the regional transmission plan in a manner that will allow them to recreate the analysis and provide meaningful input into the transmission planning process and comments on the status reports and results.⁷⁰

46. PPL Companies also contend that there are no details in Filing Parties' proposal that state when during each quarter in the regional transmission planning cycle stakeholder comments should be submitted and what committee will be responsible for reviewing and addressing such comments.⁷¹ PPL Companies assert that Filing Parties' OATTs must include a process that clearly defines when and how such comments will be received, considered, and addressed in the regional transmission planning process, and that the transmission provider should be required to provide a detailed response that provides enough explanation to understand the reasoning behind its decision on the comments provided.⁷²

(c) Commission Determination

47. We find that the Filing Parties' filings comply with the transparency principle, subject to Filing Parties making any necessary revisions to their OATTs as part of the compliance filings required by this order. Filing Parties' provide that they will post the Biennial Study Plan, which will include the planning and cost allocation criteria, methodology, assumptions, and data that will underlie the regional transmission plan.⁷³

⁶⁸ PPL Companies Protest at 9.

⁶⁹ *Id.* at 10.

⁷⁰ *Id.*

⁷¹ *Id.* at 11.

⁷² *Id.* at 11-12.

⁷³ *E.g.*, PacifiCorp OATT, Attachment K §§ 3.2, 3.3.

Furthermore, each Filing Party states that it will post on its respective OASIS any updates to the Biennial Study Plan.⁷⁴

48. Additionally, consistent with the Commission's finding for the local transmission planning process, we find that Filing Parties have provided sufficient detail regarding the timeline and process for submitting comments during the eight-quarter transmission planning cycle.⁷⁵ Further, we find that Filing Parties are not required to include in their tariffs a commitment to provide a detailed response to every comment a stakeholder raises during the stakeholder process in order to ensure a transparent transmission planning process.⁷⁶

49. We note that, while we find here that Filing Parties' proposed OATT revisions satisfy the transparency principle, Filing Parties' OATT revisions made to comply with this order, including those made to satisfy the affirmative obligation to plan discussed below in section IV.B.1.c.i, must also comply with the transparency principle. Accordingly, Filing Parties should evaluate, as they develop these further OATT revisions, whether additional changes to their OATTs will be required to satisfy the transparency principle and propose such changes, if any, as are needed to remain in compliance.

iv. Information Exchange

50. The information exchange principle requires network customers to submit information on their projected loads and resources on a comparable basis (e.g., planning horizon and format) as used by public utility transmission providers in planning for their native load. Point-to-point customers are required to submit their projections for need of service over the planning horizon and at what receipt and delivery points. To the extent applicable, transmission customers should also provide information on existing and planned demand resources and their impact on demand and peak demand. In addition, stakeholders should provide proposed demand response resources if they wish to have them considered in the regional transmission planning process.⁷⁷ Public utility transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer information.⁷⁸

⁷⁴ *E.g., id.* § 3.2.5.

⁷⁵ *See Idaho Power Co.*, 128 FERC ¶ 61,064 at P 50.

⁷⁶ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 189.

⁷⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 487.

⁷⁸ *Id.* at PP 486-487.

(a) **Filing Parties' Compliance Filings**

51. Filing Parties state that information is exchanged throughout the NTTG regional transmission planning process. Filing Parties' tariffs provide that each transmission provider will provide NTTG with its local transmission plan, as well as updates to information about new or changed circumstances or data contained in the local transmission plan.⁷⁹ In addition, the NTTG regional transmission planning process describes the information that transmission developers seeking to propose transmission projects in the regional transmission plan over the ten-year planning horizon must submit, including, among other things, load and resource data, forecasted transmission service requirements, and whether the proposed transmission project meets reliability and load service needs.⁸⁰

(b) **Protests/Comments**

52. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

53. We find that Filing Parties' compliance filings do not comply with the information exchange principle. Unlike Filing Parties' Order No. 890 compliance filings, in which they stated that they received load forecasts and resource information from network customers,⁸¹ Filing Parties failed to revise their OATTs in these compliance filings to meaningfully address the information exchange principle as it relates to the regional transmission planning process in compliance with Order No. 1000. The tariff language accepted by the Commission in Filing Parties' Order No. 890 compliance proceeding is still in Filing Parties' OATTs, but it applies only to the local transmission planning process, as currently drafted.

54. We find that Filing Parties have not proposed any Attachment K language to address the information exchange principle to comply with the requirement that the Order No. 890 transmission planning principles apply to the Order No. 1000-compliant regional transmission planning process. Filing Parties state that stakeholders may propose transmission needs driven by public policy requirements and provide comments on proposed regional transmission projects proposed by transmission developers. However, we find no specific OATT provisions addressing the issues that information exchange is

⁷⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.2.4

⁸⁰ *E.g.*, *id.* § 3.3.2.

⁸¹ *Idaho Power Co.*, 124 FERC ¶ 61,053 at PP 53-57.

intended to cover, such as customer load forecasts, projected service information, and existing and planned demand response resources provided by customers and stakeholders that are used to develop the regional transmission plan. To the extent that Filing Parties are relying on information exchange that is part of its Order No. 890-compliant transmission planning process, they have not explained why this is an appropriate means of compliance with Order No. 1000 and made such clarification in their OATTs. Accordingly, we direct Filing Parties to revise their OATTs to address these issues in a further compliance filing due within 120 days of the date of issuance of this order.

v. **Comparability**

55. The comparability principle requires public utility transmission providers, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that meets the specific service requests of their transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning.⁸² In addition, public utility transmission providers must identify, as part of their transmission planning processes, how they will treat resources on a comparable basis, and therefore, how they will determine comparability for purposes of transmission planning.⁸³ Furthermore, public utility transmission providers are required to identify how they will evaluate and select from competing solutions and resources such that all types of resources are considered on a comparable basis.⁸⁴

⁸² Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

⁸³ Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

⁸⁴ *See, e.g., NorthWestern Corp.*, 128 FERC ¶ 61,040, at P 38 (2009) (*NorthWestern*) (requiring the transmission provider's OATT to permit sponsors of transmission, generation, and demand resources to propose alternative solutions to identified needs and identify how the transmission provider will evaluate competing solutions when determining what facilities will be included in its transmission plan); *El Paso Elec. Co.*, 128 FERC ¶ 61,063, at P 15 (2009) (same); *N. Y. Indep. Sys. Operator, Inc.*, 129 FERC ¶ 61,044, at P 35 (2009) (*NYISO*) (same). In each of these cases, the Commission stated that tariff language could, for example, state that solutions will be evaluated against each other based on a comparison of their relative economics and effectiveness of performance. Although the particular standard a public utility transmission provider uses to perform this evaluation can vary, the Commission explained that it should be clear from the tariff language how one type of investment would be considered against another and how the public utility transmission provider would choose one resource over another or a competing proposal. *Northwestern*, 128 (continued . . .)

(a) **Filing Parties' Compliance Filings**

56. During quarter 1 of the NTTG regional transmission planning process, any stakeholder may submit data to be evaluated as part of the regional transmission plan, including transmission needs and associated transmission facilities driven by public policy requirements and public policy considerations, and alternate solutions to the needs set out in the transmission providers' local transmission system plans and prior NTTG biennial regional transmission plans. Additionally, Filing Parties commit to use best efforts to facilitate NTTG conducting its regional transmission planning process, using identified regional transmission service needs and transmission and non-transmission alternatives, to identify regional transmission projects that are more efficient and cost-effective from a regional perspective than the transmission projects identified in the transmission providers' local transmission plans.⁸⁵

57. Filing Parties' OATTs state that "[a]ll stakeholder submissions will be evaluated, in consultation with stakeholders, on a basis comparable to data and submissions required for planning the transmission system for both retail and wholesale customers. Solutions will be evaluated based on a comparison of their ability to meet reliability requirements, address economic considerations and/or meet transmission needs driven by [public policy requirements]."⁸⁶

(b) **Protests/Comments**

58. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

59. We find that the Filing Parties' compliance filings partially comply with the comparability principle. Specifically, Filing Parties' proposal: (1) identifies where and when stakeholders may propose alternatives; (2) states that all stakeholder submissions will be evaluated on a comparable basis;⁸⁷ and (3) commits each Filing Party to use its best efforts to facilitate NTTG conducting its regional process, using identified regional transmission service and non-transmission alternatives, to identify regional transmission projects (if any) that are more efficient and cost-effective from a regional perspective

FERC ¶ 61,040 at P 38 n.31; *El Paso Elec. Co.*, 128 FERC ¶ 61,063 at P 15 n.25; *NYISO*, 129 FERC ¶ 61,044 at P 35 n.26.

⁸⁵ *E.g.*, PacifiCorp OATT, Attachment K § 3.2.2.

⁸⁶ *E.g.*, *id.* § 3.3.3.

⁸⁷ *E.g.*, *id.* §§ 3.3.3, 3.3.5.

than the transmission projects identified in the participating transmission providers' local transmission plans.⁸⁸ However, Filing Parties' OATTs fail to require that the NTTG regional transmission planning process, after considering the data and comments supplied by customers and other stakeholders, will develop a transmission system plan that meets the specific service requests of transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in the transmission system planning.⁸⁹ Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings revising their respective OATTs to address this requirement.

vi. Dispute Resolution

60. The dispute resolution principle requires public utility transmission providers to identify a process to manage disputes that arise from the regional planning process. In order to facilitate resolution of all disputes related to planning activities, a public utility transmission provider's dispute resolution process must be available to address both procedural and substantive planning issues.⁹⁰

(a) Filing Parties' Compliance Filings

61. Filing Parties state that the NTTG Planning Process includes a dispute resolution process that is available to transmission providers, signatories to the Planning Agreement, and eligible customers and stakeholders that participate in the regional planning process.⁹¹ The dispute resolution process will be used to: (1) resolve disputes related to the integration of Filing Parties' local transmission plans with the regional transmission plan; (2) enforce compliance with the NTTG regional study process; and (3) to challenge a decision within a milestone document. Filing Parties state that disputing entities should submit written notice of a dispute to the committee chair of the applicable NTTG committee that the dispute involves no more than 30 days after a decision is made by the NTTG planning committee in the study process or the posting of a milestone document, whichever is earlier.⁹²

⁸⁸ *E.g., id.* § 3.2.2.

⁸⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 494.

⁹⁰ *Id.* at P 501.

⁹¹ *E.g., PacifiCorp OATT, Attachment K* § 3.6.1.

⁹² *E.g., id.* § 3.6.3.

62. Under the dispute resolution process, if a dispute involves the NTTG Planning or Cost Allocation Committees, an executive representative from the disputing entity will participate in negotiations with the NTTG Planning Committee or Cost Allocation Committee, as applicable, to resolve the dispute. If the dispute is not resolved to the satisfaction of the disputing entity within 30 days of the initial written notice of the dispute, or another time period chosen by the parties, the NTTG Planning or Cost Allocation Committee Chair will refer the dispute to the NTTG Steering Committee. The disputing entity's representative and the NTTG Steering Committee will then negotiate to resolve the dispute. Filing Parties propose that if the state co-chair of the NTTG Steering Committee declares an impasse and the dispute is within the scope of the WECC dispute resolution procedures, the disputing entity will follow the mediation process outlined in Appendix C of the WECC bylaws. However, if the dispute is outside of the scope of the WECC dispute resolution procedures, the disputing entity may use the Commission's dispute resolution service to mediate the dispute.⁹³ Finally, Filing Parties note that affected parties retain any rights they possess under the Federal Power Act to file complaints with the Commission.⁹⁴

(b) Protests/Comments

63. PPL Companies contend that Filing Parties' dispute resolution proposal appears to limit the issues that may be addressed through the dispute resolution procedures.⁹⁵ Additionally, PPL Companies contend that the proposed 30 days by which a dispute must be identified after a decision is made in the transmission planning process or after a milestone document is posted is not sufficient time for stakeholders to review materials and identify any issues in dispute and assert that this period should be extended to 90 days.⁹⁶

(c) Commission Determination

64. We find that Filing Parties' filings partially comply with the dispute resolution principle. Filing Parties have included regional dispute resolution procedures in their OATTs, which explain the step-by-step process of how disputes will be resolved in each of the relevant NTTG committees. However, we agree with PPL Companies that the proposed dispute resolution procedures restrict the issues that may be raised by a

⁹³ *E.g., id.* § 3.6.2.

⁹⁴ *E.g., id.* § 3.6.3.

⁹⁵ PPL Companies Protest at 14-15.

⁹⁶ *Id.* at 15.

disputing entity. Filing Parties' dispute resolution procedures should facilitate resolution of *all* disputes related to regional transmission planning activities and must be available to address both procedural and substantive transmission planning issues. Restricting the use of the dispute resolution procedures to disputes related to the integration of the transmission providers' local transmission plans with the regional transmission plan, enforcing compliance with the NTTG regional study process, and challenging a decision within a milestone is too prohibitive. We understand these provisions to exclude substantive disputes regarding, for example, which transmission facilities are appropriate for selection in the regional transmission plan for purposes of cost allocation. Order No. 890 requires that a public utility transmission provider's dispute resolution process must be available to address both procedural and substantive planning issues.⁹⁷ Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, a further compliance filing that revises Filing Parties' dispute resolution procedures to facilitate resolution of all disputes that arise from the regional transmission planning process.

65. With regard to PPL Companies' concern about the limited time period for raising issues they wish to dispute following a decision in the study process or the posting of a milestone document, we find that 30 days to raise such issues for dispute is consistent with the time frame previously accepted by the Commission under Order No. 890 for disputes arising in Filing Parties' local transmission planning processes.⁹⁸

vii. Economic Planning Studies

66. The economic planning studies principle requires public utility transmission providers to account for economic, as well as reliability, considerations in the transmission planning process. The economic planning principle is designed to ensure that economic considerations are adequately addressed when planning for OATT customers as well. The principle requires that the scope of economic studies should not be limited to individual requests for transmission service. Customers must be given the opportunity to obtain studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis.⁹⁹

⁹⁷ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 501.

⁹⁸ *Idaho Power Co.*, 128 FERC ¶ 61,064 at PP 39-40.

⁹⁹ Order No. 890, FERC Stats. & Regs. ¶ 31,241 at PP 542-543.

(a) **Filing Parties' Compliance Filings**

67. Filing Parties' OATTs state that each transmission provider will participate in the NTTG processes to prioritize, categorize, and complete up to two regional economic congestion studies per regional transmission planning cycle, as outlined in NTTG's standardized process for congestion studies.¹⁰⁰ Filing Parties propose that the NTTG Planning Committee will be responsible for developing regional economic study plans and conducting stakeholder-requested regional economic congestion studies for NTTG.¹⁰¹

68. In order to submit an economic congestion study request for consideration, the party making the request must either be a member of the NTTG Planning Committee or sign the economic study agreement.¹⁰² Filing Parties propose that eligible customers and stakeholders may request additional economic congestion studies within each regional transmission planning cycle, which must be paid for by the party requesting the study.¹⁰³ Filing Parties further propose that NTTG will cluster and study together economic congestion studies if all of the point(s) of receipt and point(s) of delivery match one another, or if NTTG otherwise determines that the requests can be feasibly and meaningfully studied together.¹⁰⁴

(b) **Protests/Comments**

69. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

70. We find that Filing Parties' filings partially comply with the economic planning studies principle. As described above, the transmission planning process will account for

¹⁰⁰ *E.g.*, PacifiCorp OATT, Attachment K § 3.5.1.

¹⁰¹ *E.g.*, *id.* § 3.1.

¹⁰² *E.g.*, *id.* § 3.5.5; Exhibit B, NTTG Economic Study Agreement. The economic study agreement outlines an entity's obligations regarding the economic congestion study process. Obligations include executing non-disclosure agreements as necessary before receiving regional transmission planning data and reimbursing NTTG for the costs of performing the studies if a request is not selected as one of the up to two economic congestion studies.

¹⁰³ *E.g.*, *id.* § 3.5.2.

¹⁰⁴ *E.g.*, *id.* § 3.5.3.

economic considerations as required by the economic planning studies principle. Filing Parties' compliance filings also describe the process through which regional economic studies may be requested by stakeholders and eligible customers. However, unlike Filing Parties' Order No. 890 compliance filings, in which Filing Parties described the process by which economic planning studies will be prioritized for the local transmission planning process,¹⁰⁵ Filing Parties' respective OATTs do not provide the process by which NTTG will prioritize regional economic planning studies in the instance that more than two regional economic congestion studies are requested. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings that revise Filings Parties' respective OATTs to include the process by which NTTG will prioritize regional economic planning studies.

c. **Requirement to Plan on a Regional Basis to Identify More Efficient or Cost-Effective Transmission Solutions**

71. Through the regional transmission planning process, public utility transmission providers must evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region more efficiently or cost-effectively than solutions identified by individual public utility transmission providers in their local transmission planning process.¹⁰⁶ Public utility transmission providers have the flexibility to develop, in consultation with stakeholders, procedures by which the public utility transmission providers in the region identify and evaluate the set of potential solutions that may meet the region's needs more efficiently or cost-effectively.¹⁰⁷ In addition, whether or not public utility transmission providers within a transmission planning region select a transmission facility in the regional transmission plan for purposes of cost allocation will depend in part on their combined view of whether the transmission facility is a more efficient or cost-effective solution to their needs.¹⁰⁸

72. Public utility transmission providers in each transmission planning region, in consultation with stakeholders, must propose what information and data a merchant transmission developer¹⁰⁹ must provide to the regional transmission planning process to

¹⁰⁵ *E.g., id.* § 2.7.3.

¹⁰⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148.

¹⁰⁷ *Id.* P 149.

¹⁰⁸ *Id.* P 331.

¹⁰⁹ Order No. 1000 defines merchant transmission projects as projects “for which the costs of constructing the proposed transmission facilities will be recovered through
(*continued . . .*)

allow the public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on other systems in the region.¹¹⁰

73. Finally, the regional transmission planning process developed by public utility transmission providers, in consultation with stakeholders, must result in a regional transmission plan that reflects the determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.¹¹¹ Order No. 1000 does not require that the resulting regional transmission plan be filed with the Commission.

i. Affirmative Obligation to Plan

(a) Filing Parties' Compliance Filings

74. Filing Parties' respective OATTs describe the steps that NTTG will take on a quarterly basis over the biennial transmission planning cycle to develop the regional transmission plan. In quarter 1, NTTG will collect data from transmission providers, stakeholders, and transmission developers. Filing Parties' OATTs also state that stakeholders may submit economic congestion study requests during quarter 1, which the NTTG Planning Committee will collect, prioritize, and select for evaluation.¹¹²

75. In quarter 2 of the biennial transmission planning process, the Planning Committee will develop a Biennial Study Plan to guide the preparation of the NTTG regional transmission plan. Filing Parties state that the Biennial Study Plan will describe the methodology, criteria, assumptions, databases, projects subject to reevaluation, analysis tools, and public policy projects used and/or analyzed during preparation of the regional transmission plan. Filing Parties explain that NTTG will use a bottom-up approach to develop what it calls an "initial regional transmission plan" based on a combination of the previously approved NTTG regional transmission plan and a "roll-up" of the transmission providers' local transmission plans. Additionally, to produce an optimized

negotiated rates instead of cost-based rates." *Id.* P 119. The Commission noted in Order No. 1000 that "a merchant transmission developer assumes all financial risk for developing its transmission project and constructing the proposed transmission facilities. . . ." *Id.* P 163.

¹¹⁰ *Id.* P 164, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at PP 297-298.

¹¹¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 147.

¹¹² *E.g.*, PacifiCorp OATT, Attachment K § 3.3.2.

regional transmission plan, NTTG will use a regional perspective to consider the transmission projects in the initial regional transmission plan together with proposed nonincumbent transmission projects, merchant transmission projects, non-transmission alternatives, regional transmission solutions driven by public policy requirements, and projects generated through regional analysis.¹¹³ Filing Parties state that the Biennial Study Plan will be presented to stakeholders and NTTG Planning Committee members for comment and direction at a publicly-held meeting during quarter 2, and that the NTTG Planning Committee will recommend the Biennial Study Plan to the NTTG Steering Committee for approval.¹¹⁴

76. During quarters 3 and 4, modeling and transmission system analysis will be performed using the methods documented in the Biennial Study Plan, culminating in the preparation of a draft of the regional transmission plan for stakeholder comment and review.¹¹⁵ Filing Parties indicate that the initial regional transmission plan's loads and resources will be incorporated in the appropriate WECC base cases, and that the NTTG Planning Committee will confirm or identify regional transmission projects, or non-transmission alternatives, that will likely result in a regional transmission plan that is more efficient or cost-effective than the initial plan. In addition, through this study process, the regional transmission plan may identify unsponsored projects that will meet the region's transmission needs more efficiently and cost-effectively.¹¹⁶

77. Filing Parties' OATTs state that during quarter 5, stakeholders will have an opportunity to review and comment on the regional transmission plan, including assessment of the benefits accruing from transmission facilities planned according to the transmission planning process. Filing Parties' OATTs also state that the "NTTG Planning Committee will collect, prioritize and select Economic Congestion Study Requests for consideration [in] the draft regional transmission plan."¹¹⁷

¹¹³ Practice Document § II.3.7.2.1.

¹¹⁴ *E.g.*, PacifiCorp Transmittal Letter at 16-17; PacifiCorp OATT, Attachment K § 3.3.3.

¹¹⁵ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.4.

¹¹⁶ Practice Document § II.3.5; *see also, e.g.*, PacifiCorp OATT, Attachment K § 3.7.2.1(a) (referencing unsponsored projects identified in the regional transmission planning process as a category of transmission projects that may be eligible for selection in the regional transmission plan for purposes of cost allocation).

¹¹⁷ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.5.

78. In quarter 6, up to two economic congestion studies per biennial transmission planning cycle will be conducted, and the Biennial Study Plan will be updated based on the NTTG Planning Committee's review of stakeholder-submitted comments, additional information about new or changed circumstances relating to loads, resources, transmission projects or alternative solutions, or identified changes to data provided in quarter 1. The NTTG Cost Allocation Committee will also estimate the benefits associated with each transmission project identified for cost allocation to determine if such projects are eligible for regional cost allocation.¹¹⁸

79. The regional transmission plan will be reviewed in quarter 7, with stakeholders reviewing and commenting on the plan, including assessing the benefits accruing from transmission facilities planned through the transmission planning process. The regional transmission planning process will document and consider the simultaneous feasibility of identified projects, cost allocation recommendations, and stakeholder comments.¹¹⁹

80. Finally, Filing Parties' OATTs state that in quarter 8 the final regional transmission plan will be submitted to the NTTG Steering Committee for approval.¹²⁰

(b) Protests/Comments

81. According to AWEA, Filing Parties' proposal to establish separate planning processes for different categories of transmission, such as reliability-driven or economic-driven transmission, creates artificial distinctions among transmission projects. AWEA asserts that in reality the most cost-effective transmission projects are those that serve multiple purposes simultaneously. Moreover, it contends that these artificial planning categories will bias the transmission planning process against larger transmission projects, resulting in undue discrimination against some transmission developers, and will not produce the most cost-effective and efficient results.¹²¹

(c) Commission Determination

82. We find that the regional transmission planning process specified in Filing Parties' compliance filings partially complies with Order No. 1000's requirement that public utility transmission providers evaluate, in consultation with stakeholders, alternative transmission solutions that might meet the needs of the transmission planning region

¹¹⁸ *E.g., id.* § 3.3.6.

¹¹⁹ *E.g., id.* § 3.3.7.

¹²⁰ *E.g., id.* § 3.3.8.

¹²¹ AWEA Comments at 17-18.

more efficiently or cost-effectively than transmission solutions identified by individual public utility transmission providers in their local transmission planning process. However, Filing Parties fail to provide adequate detail in their respective OATTs regarding how they will implement Order No. 1000's requirement that they plan on a regional basis to identify more efficient or cost-effective solutions to regional transmission needs. Accordingly, Filing Parties must submit further compliance filings to revise their respective OATTs, as discussed below.

83. Order No. 1000 requires public utility transmission providers to participate in a transmission planning region that conducts a regional analysis to identify whether there are more efficient or cost-effective solutions to regional needs. It is not sufficient for a transmission planning region to merely "roll-up" local transmission plans without analyzing whether the regional transmission needs, when taken together, can be met more efficiently or cost-effectively by a regional solution.

84. One of the stated purposes of the requirements adopted in Order No. 1000 is "to remedy deficiencies in the existing requirements of Order No. 890. . . ."¹²² The Commission explained the deficiencies as follows:

Order No. 890 required public utility transmission providers to coordinate at the regional level for the purpose of sharing system plans and identifying system enhancements that could relieve congestion or integrate new resources. The Commission did not specify, however, whether such coordination with regard to identifying system enhancements included an obligation for public utility transmission providers to take affirmative steps to identify potential solutions at the regional level that could better meet the needs of the region. As a result, the existing requirements of Order No. 890 permit regional transmission planning processes to be used as a forum merely to confirm the simultaneous feasibility of transmission facilities contained in their local transmission plans. Consistent with the economic planning requirements of Order No. 890, regional transmission planning processes also must respond to requests by stakeholders to perform studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources or loads on an aggregated or regional basis. Again, no affirmative obligation was placed on public utility transmission providers within a region to undertake

¹²² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 12.

such analyses in the absence of requests by stakeholders. There is also no obligation for public utility transmission providers within the region to develop a single transmission plan for the region that reflects their determination of the set of transmission facilities that more efficiently or cost-effectively meet the region's needs.¹²³

Order No. 1000 addresses these deficiencies by, among other requirements, placing an affirmative obligation on public utility transmission providers to participate in a regional transmission planning process that produces a regional transmission plan.¹²⁴

85. Filing Parties' Practice Document and respective OATTs indicate that the NTTG regional transmission planning process will conduct its own analysis to identify more efficient or cost-effective solutions, including the development of unsponsored transmission projects that may be selected in the regional transmission plan for purposes of cost allocation,¹²⁵ and indicate that the NTTG transmission planning region will use a regional perspective to consider the transmission projects generated through regional analysis to produce an optimized draft regional transmission plan.¹²⁶ However, the procedures for performing these analyses are not explicitly stated in Filing Parties' OATTs. For example, Filing Parties' proposed project qualification criteria reference "unsponsored project[s] identified in the regional planning process" as a category of transmission projects that are eligible for selection in the regional transmission plan for purposes of cost allocation;¹²⁷ however, Filing Parties' OATTs provide no explanation of the circumstances in which NTTG will identify and evaluate unsponsored transmission projects to meet regional transmission needs. We find that Filing Parties' OATTs must include the method and detail underlying the analyses to be performed to identify more efficient or cost-effective solutions that are referenced in their OATTs and described in the Practice Document. To satisfy the requirements of Order No. 1000, we require Filing Parties to submit OATT revisions that describe the process NTTG will use to identify

¹²³ *Id.* P 147 (footnotes omitted).

¹²⁴ *Id.* P 148.

¹²⁵ Practice Document § II.3.5; *see also, e.g.*, PacifiCorp OATT, Attachment K § 3.7.2.1(a).

¹²⁶ *E.g.*, PacifiCorp OATT, Attachment K § 3.2.2.

¹²⁷ *E.g., id.* § 3.7.2.1(a) (referencing unsponsored projects identified in the regional transmission planning process as a category of transmission projects that may be eligible for selection in the regional transmission plan for purposes of cost allocation).

more efficient or cost-effective solutions and explain how NTTG will conduct such regional analysis through, for example, power flow studies, production cost analyses, and/or other methods.

86. Order No. 1000's affirmative obligation to identify more efficient or cost-effective transmission solutions applies to transmission needs driven by economic considerations just as it applies to transmission needs driven by public policy requirements or reliability considerations. We note that, while Filing Parties' proposal meets Order No. 1000's requirement to permit stakeholders to request economic studies on a regional basis, as proposed, economic planning is not an integral part of NTTG's regional transmission planning process. In particular, the proposed regional transmission planning process does not require that NTTG affirmatively identify transmission needs driven by economic considerations, regardless of whether it receives stakeholder requests for economic studies. We find that the compliance filings are deficient in this regard.

87. Accordingly, as discussed above, we direct Filing Parties, within 120 days of the date of issuance of this order, to revise their respective OATTs to set forth the affirmative obligation to identify transmission solutions that more efficiently or cost-effectively meet reliability requirements, address economic considerations, and meet transmission needs driven by public policy requirements.¹²⁸

88. We disagree with AWEA's assertion that by establishing separate planning processes for different categories of transmission projects, Filing Parties' proposal will bias the transmission planning process against larger transmission projects, result in undue discrimination against some transmission project sponsors, and will not produce the most cost-effective and efficient results. As an initial matter, it is unclear to what "separate processes" AWEA is referring, as Filing Parties propose an integrated transmission planning process that identifies transmission solutions that more efficiently or cost-effectively meet reliability requirements, address economic considerations, and meet transmission needs driven by public policy requirements. In any case, Order No. 1000 gave regions the flexibility to craft their own processes consistent with the order's requirements.

¹²⁸ We also note that any additional OATT procedures proposed to implement the affirmative obligation discussed above must also comply with the Order No. 890 principles.

ii. Planning Horizon**(a) Filing Parties' Compliance Filings**

89. Filing Parties propose that the NTTG Planning Committee will prepare a bulk transmission expansion plan using a ten-year planning horizon, while taking into consideration up to a twenty-year planning horizon.¹²⁹

(b) Protests/Comments

90. AWEA claims that the proposed ten-year planning horizon is too short and that failure to adopt a longer planning horizon may result in undue discrimination against those who propose plans that will meet the needs of the region most efficiently, as a short time horizon will favor smaller, local transmission plans such as those proposed by incumbent transmission providers. AWEA recognizes that Order No. 1000 did not specify a requirement of a minimum number of years that constitute a planning horizon, but contends that the narrow scope of Filing Parties' proposed time horizon will not ensure the evaluation of more cost-effective or efficient plans. Accordingly, it requests that the Commission consider requiring Filing Parties to increase the time horizon to one that will ensure that the most efficient and cost-effective plans are evaluated.¹³⁰

(c) Commission Determination

91. We disagree with AWEA that the proposed ten-year planning horizon is too short and will prevent the region from evaluating transmission plans that would meet regional needs more efficiently or cost-effectively than plans assessing a longer planning horizon. We note that while the NTTG Planning Committee uses a ten-year planning horizon, it also takes into consideration up to a 20 year planning horizon. Order No. 1000 did not establish a minimum long-term planning horizon for regional transmission planning.¹³¹ We also note that a ten-year planning horizon is consistent with planning horizons used to comply with the NERC Transmission Planning standards.¹³² Therefore, we find that a

¹²⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.

¹³⁰ AWEA Comments at 16-17.

¹³¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 157.

¹³² *See* Reliability Standard TPL-001-0.1 (System Performance Under Normal Conditions), at Requirement R1.2; Reliability Standard TPL-002-0b (System Performance Following Loss of a Single BES Element), at Requirement R1.2; Reliability Standard TPL-003-0a (System Performance Following Loss of Two or More BES Elements), at Requirement R1.2.

ten-year planning horizon is a reasonable timeframe for use in the regional transmission planning process.

iii. Proposed Governance Structure

(a) Filing Parties' Compliance Filings

92. Filing Parties propose to use a committee structure, consisting of three committees – the Steering Committee, Planning Committee, and Cost Allocation Committee – to develop the NTTG regional transmission plan.

93. Filing Parties state that the Steering Committee provides governance and direction on initiatives undertaken by NTTG members and is responsible for approving NTTG's biennial regional transmission plan.¹³³ According to the NTTG Steering Committee charter, Steering Committee membership is composed of: (1) state utility regulatory commissioners appointed by each state's utility regulatory commission in the NTTG footprint; (2) executive level representatives appointed from each utility, or utility cooperative, who is a party to the NTTG Funding Agreement; and (3) representatives appointed by state customer advocacy groups within the NTTG footprint.¹³⁴ The Steering Committee charter also states that the committee shall pass approval items by unanimity.¹³⁵

94. The Planning Committee, which reports to the Steering Committee, will be responsible for, among other things, reviewing planning and cost allocation data submitted by transmission developers, developing and updating the Biennial Study Plan for each biennial cycle, performing and documenting assessments defined in the Biennial Study Plan, developing regional economic study plans and performing stakeholder-requested regional economic studies, and publishing the Steering Committee-approved regional transmission plan.¹³⁶

95. The Planning Committee charter states that there are three classes of committee members: (1) transmission providers and developers engaged in or intending to engage

¹³³ *E.g.*, PacifiCorp Transmittal Letter at 5.

¹³⁴ NTTG Steering Committee Charter (Second Revision posted July 26, 2010) at 2, *available at*: http://nttg.biz/site/index.php?option=com_docman&task=cat_view&gid=236&Itemid=31

¹³⁵ *Id.* at 4.

¹³⁶ *E.g.*, PacifiCorp Transmittal Letter at 5-6.

in the sale of electric transmission service within the NTTG footprint; (2) transmission users engaged in the purchase of electric transmission service within the NTTG footprint, or other entities which have, or have the intention of entering into, an interconnection agreement with a transmission provider within the NTTG footprint; and (3) regulators and other state agencies within the NTTG footprint that are interested in transmission development.¹³⁷ According to the Planning Committee charter, committee approval of a voting matter requires the approval of the transmission provider/developer sector and at least one other membership sector, with sector approval constituting a two-thirds majority of voting members present.¹³⁸

96. The Cost Allocation Committee, which also reports to the Steering Committee, will be responsible for, among other things, reviewing cost allocation data submitted by transmission developers, advising the Planning Committee on scenarios used for cost allocation, developing and revising cost allocation recommendations for transmission projects under consideration for selection in the regional transmission plan for purposes of cost allocation, and preparing detailed reports explaining its cost allocation recommendations.¹³⁹

97. The Cost Allocation Committee charter states that each regulatory commission, state consumer agency, and publicly-owned or consumer-owned entity which is a member of NTTG shall be entitled to appoint one person to the committee.¹⁴⁰ The charter also states that while the Cost Allocation Committee will strive for unanimity in its decisions, actions, and recommendations, the Committee may proceed by a majority vote (except for making changes in cost allocation principles or publicly censuring a person, which requires unanimous votes), with minority opinions, and the reasons therefore, recorded and summarized in any written material forwarded to the Planning or Steering Committees.¹⁴¹

¹³⁷ NTTG Planning Committee Charter (Feb. 24, 2010) at 3-4, *available at*: http://nttg.biz/site/index.php?option=com_docman&task=cat_view&gid=236&Itemid=31

¹³⁸ *Id.* at 5.

¹³⁹ *E.g.*, PacifiCorp Transmittal Letter at 5.

¹⁴⁰ NTTG Cost Allocation Committee Charter (Oct. 21, 2009) at § III.1, *available at*: http://nttg.biz/site/index.php?option=com_docman&task=cat_view&gid=236&Itemid=31

¹⁴¹ *Id.* § III.5.

98. Filing Parties state that NTTG is currently in the process of revising the three charters, and states that it will finalize and post the updated Charters after the Commission issues its final order on NTTG's Order No. 1000 compliance.¹⁴²

(b) **Protests/Comments**

99. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

100. In Order No. 1000-A, the Commission held that “[i]f public utility transmission providers in a transmission planning region, in consultation with stakeholders, decide to establish formal stakeholder governance procedures, such as voting measures, they should include these in their Order No. 1000 compliance filings.”¹⁴³ Under Filing Parties’ proposal, it appears that transmission projects will be selected in the regional transmission plan for purposes of cost allocation as part of the process approving the regional transmission plan. This process includes stakeholder voting procedures in the various NTTG committees. As a result, the governance procedures, including the voting mechanisms, included in the committee charters appear to impact whether a transmission project will be selected in the regional transmission plan for purposes of cost allocation. Filing Parties explain that NTTG is currently revising its committee charters and will post the revised charters following the Commission’s final order on their compliance filings, and therefore Filing Parties do not include in their OATTs the governance procedures for the development of the regional transmission plan, including voting procedures and requirements that will govern the selection of transmission projects in the regional transmission plan for purposes of cost allocation and the approval of the plan itself. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, revisions to their OATTs to incorporate these procedures and requirements.

iv. **Merchant Transmission Developers**

(a) **Filing Parties’ Compliance Filings**

101. Filing Parties propose to require the sponsor – whether a transmission provider, nonincumbent transmission developer, merchant transmission developer, or any other stakeholder – of a transmission project proposed for the regional transmission plan to submit certain minimum information: (1) load and resource data; (2) forecasted transmission service requirements; (3) whether the proposed project meets reliability or

¹⁴² *E.g.*, PacifiCorp Transmittal Letter at 5 n.12.

¹⁴³ Order No. 1000-A, 139 FERC ¶ 61,132 at P 269.

load service needs; (4) economic considerations; (5) whether the proposed project satisfies a transmission need driven by public policy requirements; (6) project location; (7) voltage level; (8) structure type; (9) conductor type and configuration; (10) project terminal facilities; (11) project costs, associated annual revenue requirements, and underlying assumptions and parameters in developing revenue requirements; (12) project development schedule; (13) current project development phase; and (14) in-service date.¹⁴⁴

(b) **Protests/Comments**

102. No comments or protests were filed regarding this issue.

(c) **Commission Determination**

103. We find that the Filing Parties' proposed OATT provisions regarding merchant transmission developers do not comply with the requirements of Order No. 1000. First, we note that Filing Parties propose to apply uniform data submission requirements for all transmission projects, including merchant transmission projects, *proposed for* the regional transmission plan.¹⁴⁵ However, Order No. 1000 requires only that merchant transmission developers provide adequate information and data to allow public utility transmission providers in the transmission planning region to assess the potential reliability and operational impacts of the merchant transmission developer's proposed transmission facilities on systems in the region;¹⁴⁶ it does not require that merchant transmission developers propose their project for the regional transmission plan. As a result, Filing Parties' proposal does not contain provisions requiring a merchant transmission developer who does not propose its transmission project for the regional transmission plan to provide information necessary to assess the potential reliability and operational impacts of its proposed transmission facility on systems in the region. We therefore direct Filing Parties to file, within 120 days of the date of issuance of this order, revisions to their respective OATTs to establish information requirements for merchant transmission projects, consistent with the requirements of Order No. 1000. The information requirements included in Filing Parties' proposal regarding project location, voltage level, structure type, conductor type and configuration, project terminal facilities, project development schedule, current project development phase, and in-service date

¹⁴⁴ *E.g.*, PacifiCorp Transmittal Letter at 12-13; PacifiCorp OATT, Attachment K § 3.3.2.

¹⁴⁵ *E.g.*, PacifiCorp Transmittal Letter at 12-13.

¹⁴⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 164, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 298.

would be appropriate to apply to merchant transmission developers because they are related to the operational and reliability impacts of the merchant transmission project.

104. Certain of the information requirements that Filing Parties propose to apply to transmission projects proposed for the regional transmission plan might be inappropriate to include in the information requirements ordered in paragraph 103 because those requirements appear unrelated to the reliability and operational impacts of a merchant transmission project. Specifically, we find that Filing Parties may not require that merchant transmission developers provide information regarding project costs, associated annual revenue requirements, and underlying assumptions and parameters in developing revenue requirements. This type of rate information is unrelated to the merchant transmission project's reliability or operational impacts on the transmission system, and sharing this information might impact the merchant developer's ability to arrange negotiated rates. We also find that the Filing Parties may include the following information requirements in their OATTs for merchant transmission projects but must make clear that a merchant transmission developer will be required to provide this information only to the extent it has the information readily available when the information is due: (1) forecasted transmission service requirements; (2) whether the proposed project meets reliability or load service needs; and (3) whether the proposed project satisfies a transmission need driven by public policy requirements.¹⁴⁷ With respect to load and resource data and economic considerations, and as discussed further in paragraph 169, we find that additional clarification regarding those information requirements is needed before we could evaluate whether they would be appropriate to apply to merchant transmission developers.

d. Consideration of Transmission Needs Driven by Public Policy Requirements

105. Order No. 1000 requires public utility transmission providers to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.¹⁴⁸ The Commission clarified in Order No. 1000-A that Order No. 1000

¹⁴⁷ With respect to information requirements (2) and (3), i.e., whether the project meets reliability or load service needs or satisfies a transmission need driven by public policy requirements, we understand these provisions to require only that the transmission developer identify whether its proposed transmission project addresses reliability or load service need(s) or transmission need(s) driven by public policy requirements, and not to impose a requirement that the merchant transmission developer perform and provide the region with its own studies demonstrating that it meets such requirements or satisfies such needs.

¹⁴⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 203.

requires that transmission needs driven by Public Policy Requirements be considered just as transmission needs driven by reliability or economic concerns are also considered.¹⁴⁹ Public Policy Requirements are requirements established by local, state or federal laws or regulations (i.e., enacted statutes passed by the legislature and signed by the executive and regulations promulgated by a relevant jurisdiction, whether within a state or at the federal level).¹⁵⁰ As explained further below, Order No. 1000 specifies that the consideration of transmission needs driven by Public Policy Requirements means: (1) the identification of transmission needs driven by Public Policy Requirements; and (2) the evaluation of potential solutions to meet those identified needs.¹⁵¹

106. To comply with the requirement to identify transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with their stakeholders, must establish procedures in their OATTs to identify at the local and regional level those transmission needs driven by Public Policy Requirements for which potential transmission solutions will be evaluated.¹⁵² The process for identifying transmission needs driven by Public Policy Requirements must allow stakeholders, including, but not limited to, those responsible for complying with the Public Policy Requirements at issue and the developers of potential transmission facilities that are needed to comply with one or more Public Policy Requirements, an opportunity to provide input and to offer proposals regarding the transmission needs they believe are driven by Public Policy Requirements.¹⁵³ Public utility transmission providers must explain in their compliance filings how the procedures adopted give all stakeholders a meaningful opportunity to submit what the stakeholders believe are transmission needs driven by Public Policy Requirements.¹⁵⁴

107. In addition, public utility transmission providers, in consultation with stakeholders, must establish a just and reasonable and not unduly discriminatory process

¹⁴⁹ Order No. 1000-A, 139 FERC ¶ 61,132 at PP 204, 206, 208-211, 317-319.

¹⁵⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 2. Order No. 1000-A clarified that Public Policy Requirements include local laws and regulations passed by a local governmental entity, such as a municipal or county government. Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

¹⁵¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 205.

¹⁵² *Id.* PP 206, 207.

¹⁵³ *Id.* PP 207, 208.

¹⁵⁴ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

through which public utility transmission providers will identify, out of this larger set of needs, those needs for which transmission solutions will be evaluated.¹⁵⁵ Public utility transmission providers must explain in their compliance filings how their open and transparent transmission planning process determines whether to move forward regarding transmission needs driven by Public Policy Requirements.¹⁵⁶ In addition, each public utility transmission provider must post on its website an explanation of: (1) those transmission needs driven by Public Policy Requirements that have been identified for evaluation for potential solutions in the local and regional transmission planning processes; and (2) how other transmission needs driven by Public Policy Requirements introduced by stakeholders were considered during the identification stage and why they were not selected for further evaluation.¹⁵⁷

108. To comply with the requirement to evaluate potential solutions to meet the identified transmission needs driven by Public Policy Requirements, public utility transmission providers, in consultation with stakeholders, must also establish procedures in their OATTs to evaluate at the local and regional level potential solutions to identified transmission needs driven by Public Policy Requirements.¹⁵⁸ These procedures must include the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by Public Policy Requirements.¹⁵⁹ Stakeholders must be provided an opportunity to provide input during the evaluation of potential solutions to identified needs.¹⁶⁰ In addition, the Commission and stakeholders must be able to review the record that is created by the process to help ensure that the identification and evaluation decisions are open and fair, and not unduly discriminatory or preferential.¹⁶¹ The Commission will review the proposed evaluation procedures to ensure they comply

¹⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209.

¹⁵⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

¹⁵⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

¹⁵⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

¹⁵⁹ *Id.* P 211; *see also id.* n.191 (“This requirement is consistent with the existing requirements of Order Nos. 890 and 890-A which permit sponsors of transmission and non-transmission solutions to propose alternatives to identified needs.”).

¹⁶⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 220.

¹⁶¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 321.

with the objective of meeting the identified transmission needs more efficiently or cost-effectively.¹⁶²

109. Public utility transmission providers must amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by Public Policy Requirements in the local and regional transmission planning processes.¹⁶³ There are no restrictions on the type or number of Public Policy Requirements to be considered as long as any such requirements arise from local, state, or federal laws or regulations that drive transmission needs and as long as the requirements of the procedures required in Order No. 1000 are met.¹⁶⁴ In addition, Order No. 1000 does not preclude any public utility transmission provider from considering in its transmission planning process transmission needs driven by additional public policy objectives not specifically required by local, state or federal laws or regulations. However, Order No. 1000 creates no obligation for any public utility transmission provider or its transmission planning processes to consider transmission needs driven by a public policy objective that is not specifically required by local, state or federal laws or regulations.¹⁶⁵ In addition, public utility transmission providers are not required to consider Public Policy Requirements themselves as part of the transmission planning process.¹⁶⁶

i. Consideration of Transmission Needs Driven by Public Policy Requirements in the Regional Transmission Planning Process

110. First, we will analyze in this section Filing Parties' compliance filings for compliance with Order No. 1000's requirements with respect to consideration of transmission needs driven by public policy requirements in the *regional* transmission planning process. In the next section, we will analyze Filing Parties' respective compliance filings for compliance with respect to consideration of transmission needs driven by public policy requirements in the *local* transmission planning process.

¹⁶² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

¹⁶³ *Id.* P 203.

¹⁶⁴ *Id.* P 214, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

¹⁶⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 216.

¹⁶⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 204.

(a) **Regional Transmission Planning Process – Filing Parties’ Compliance Filings**

111. Filing Parties explain that as part of their local transmission planning processes, Filing Parties will collect data, including transmission needs driven by public policy requirements and transmission needs driven by public policy considerations. Filing Parties propose to define “public policy requirements” as “those public policy requirements that are established by state or federal laws or regulations, meaning enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction.”¹⁶⁷ Public policy considerations are defined by the Filing Parties as “those public policy considerations that are not established by state or federal laws or regulations.”¹⁶⁸ Each Filing Party will provide NTTG with its local transmission plan, which includes transmission service forecasts reflecting public policy requirements and public policy projects, and transmission needs driven by public policy requirements and transmission needs driven by public policy considerations for consideration in the regional transmission planning process.¹⁶⁹ In addition, during quarter 1 of the biennial regional transmission planning cycle, any stakeholder may submit data to be evaluated as part of the preparation of the regional transmission plan, including transmission needs and associated transmission facilities driven by public policy requirements and transmission needs and associated transmission facilities driven by public policy considerations.¹⁷⁰

112. Filing Parties also state that the NTTG regional transmission plan only includes consideration of transmission needs driven by public policy requirements; it may use additional study analysis to consider transmission needs driven by public policy considerations, as agreed upon by the Planning Committee with stakeholder input.¹⁷¹

¹⁶⁷ *E.g.*, PacifiCorp Transmittal Letter at 14 n.37; PacifiCorp OATT, Attachment K § 1.12.

¹⁶⁸ *E.g.*, PacifiCorp Transmittal Letter at 14 n.37; PacifiCorp OATT, Attachment K § 1.11. Filing Parties state that the NTTG regional transmission plan only includes consideration of transmission needs driven by public policy requirements, but that additional study analysis may be used to consider transmission needs driven by public policy considerations. *E.g.*, PacifiCorp Transmittal Letter at 14.

¹⁶⁹ *E.g.*, PacifiCorp Transmittal Letter at 14; PacifiCorp OATT, Attachment K § 3.2.4.

¹⁷⁰ *E.g.*, PacifiCorp Transmittal Letter at 14; PacifiCorp OATT, Attachment K § 3.3.2.

¹⁷¹ *E.g.*, PacifiCorp Transmittal Letter at 14; Practice Document § II.3.4.1.

After consultation with stakeholders, including state regulators, the NTTG Planning Committee identifies the transmission needs and associated transmission facilities driven by public policy requirements and the transmission needs and associated transmission facilities driven by public policy considerations to include in the Biennial Study Plan using criteria included in the Practice Document.¹⁷²

113. An explanation of which transmission needs driven by public policy requirements and which transmission needs driven by public policy considerations were or were not selected for inclusion in the Biennial Study Plan, and why they were or were not selected, will be included in the Biennial Study Plan and will be posted by NTTG and each Filing Party on their respective websites.¹⁷³

114. As part of the regional transmission planning process, NTTG determines if there is a more efficient or cost-effective regional solution to meet the transmission needs driven by public policy requirements submitted by stakeholders and transmission providers. NTTG applies the same criteria and selection process to potential transmission solutions to transmission needs driven by public policy requirements as those applied to any other project chosen for NTTG's regional transmission plan.¹⁷⁴

**(b) Regional Transmission Planning Process –
Protests/Comments**

115. AWEA raises concerns regarding Filing Parties' interpretation of public policy requirements.¹⁷⁵ First, it requests that Filing Parties modify their definition of public policy requirements to include the consideration of those laws and regulations enacted by local government entities, in accordance with Order No. 1000-A.¹⁷⁶ Further, AWEA asserts that public policy considerations should be treated in the same manner as public policy requirements in the transmission planning process.¹⁷⁷ AWEA states that while it

¹⁷² *E.g.*, PacifiCorp Transmittal Letter at 14; PacifiCorp OATT, Attachment K § 3.3.3.

¹⁷³ *E.g.*, PacifiCorp Transmittal Letter at 15; PacifiCorp OATT, Attachment K § 3.2.5; *see also* Practice Document §§ II.3.4.1, II.3.4.2.

¹⁷⁴ *E.g.*, PacifiCorp Transmittal Letter at 15; PacifiCorp OATT, Attachment K §§ 3.3.3, 3.3.5; *see also* Practice Document § II.3.4.3.

¹⁷⁵ AWEA Comments at 6.

¹⁷⁶ *Id.* at 6 (citing Order No. 1000-A, 139 FERC ¶ 61,132 at P 319).

¹⁷⁷ *Id.* at 7.

generally supports Filing Parties' approach for incorporating public policy requirements and objectives into the transmission planning process, including the ability for any stakeholder to submit data to be evaluated as part of the preparation of the regional transmission plan, public policy considerations should be considered at the same time as public policy requirements, without the need for the Planning Committee to agree on their consideration.¹⁷⁸ AWEA stresses that the transmission planning process should be flexible enough to include "reasonably foreseeable public policy objectives not yet explicitly required by existing law or regulation."¹⁷⁹

116. AWEA supports Filing Parties' proposal to evaluate potential solutions to transmission needs driven by public policy requirements using the same criteria and selection process used for any project chosen for evaluation in NTTG's regional transmission plan, as long as public policy requirements and economic and reliability concerns are treated comparably.¹⁸⁰ AWEA recommends that public policy requirements selected for consideration in a transmission planning cycle should be carried over into subsequent cycles unless the public policy requirement is no longer relevant or has been eliminated.¹⁸¹

117. In addition, AWEA expresses concern that the NTTG transmission planning process relies too heavily on the local selection factors for public policy requirements. Specifically, AWEA is concerned that the proposal to consider only those public policy requirements included in transmission providers' local transmission plans will not lead to a comprehensive understanding of regional transmission needs driven by public policy requirements or a cost-effective approach to developing regional transmission plans that meet those needs.¹⁸² To address this concern, AWEA requests that the Commission direct Filing Parties to solicit local and regional transmission needs driven by public policy requirements rather than relying on local transmission plans crafted in isolation of one another. Moreover, AWEA contends that Order No. 1000 requires consideration of public policy requirements at the regional level that may not be local in nature, and that applicable local transmission projects must be rolled-up into a regional transmission plan that addresses identified public policy requirements.¹⁸³ AWEA urges the Commission to

¹⁷⁸ *Id.* at 8-10.

¹⁷⁹ *Id.* at 7.

¹⁸⁰ *Id.* at 11.

¹⁸¹ *Id.* at 12.

¹⁸² *Id.*

¹⁸³ *Id.* at 13.

require Filing Parties to describe in further detail the procedures NTTG will use to identify and select local and regional transmission needs driven by public policy requirements for evaluation in the regional transmission plan.¹⁸⁴

(c) **Regional Transmission Planning Process – Commission Determination**

118. We find that Filing Parties' compliance filings partially comply with the provisions of Order No. 1000 addressing transmission needs driven by public policy requirements in the regional transmission planning process. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

119. We find that Filing Parties' proposed definition of public policy requirements partially complies with Order No. 1000. Filing Parties correctly include in the proposed definition those public policy requirements that are established by state or federal laws or regulations, meaning enacted statutes (i.e., passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction. However, Order No. 1000-A further clarifies that the definition of public policy requirements includes local laws and regulations passed by a local governmental entity, such as a municipal or county government.¹⁸⁵ We thus agree with AWEA that the definition of public policy requirements in Filing Parties' OATTs should be revised to include those laws enacted by local governmental entities, such as a municipality or county, as clarified in Order No. 1000-A. Accordingly, we direct Filing Parties to revise, in the further compliance filings discussed below, the definition in their OATTs of public policy requirements to explicitly include local laws or regulations along with state or federal laws or regulations.

120. We will not require Filing Parties to consider public policy considerations in the same manner as public policy requirements¹⁸⁶ in the regional transmission planning

¹⁸⁴ *Id.* at 14.

¹⁸⁵ Order No. 1000-A, 139 FERC ¶ 61,132 at P 319.

¹⁸⁶ Filing Parties define public policy requirements as “those public policy requirements that are established by state or federal laws or regulations, meaning enacted statutes (*i.e.*, passed by the legislature and signed by the executive) and regulations promulgated by a relevant jurisdiction.” Public policy considerations are defined by Filing Parties as “those public policy considerations that are not established by state or federal laws or regulations.” As discussed above, we direct Filing Parties to revise the definition of public policy requirements to include those laws enacted by local governmental entities.

process, as requested by AWEA. Order No. 1000 creates no obligation for any public utility transmission provider or its transmission planning processes to consider transmission needs driven by a public policy objective that is not specifically required by local, state, or federal laws or regulations.¹⁸⁷ Therefore, we decline AWEA's suggestion that we require Filing Parties to consider public policy considerations at the same time as public policy requirements.

121. With respect to identification of transmission needs driven by public policy requirements, Filing Parties propose that, during quarter 1 of the biennial regional transmission planning cycle, any stakeholder may submit data to be evaluated as part of the preparation of the regional transmission plan, including transmission needs driven by public policy requirements and transmission needs driven by public policy considerations.¹⁸⁸ In their Transmittal Letters, Filing Parties state that, as outlined in the Practice Document, stakeholders may use the data request form for NTTG's quarter 1 data submittal process to submit this information.¹⁸⁹ However, the details included in the Transmittal Letters and the Practice Document are not reflected in Filing Parties' OATTs. For example, Filing Parties' OATTs do not specify how a stakeholder can access the data request form. We thus find that Filing Parties do not describe in sufficient detail in their respective OATTs how stakeholders can provide input and "offer proposals regarding the transmission needs they believe are driven by Public Policy Requirements" in the regional transmission planning process such that the process for doing so is transparent to all interested stakeholders.¹⁹⁰ Therefore, we require Filing Parties to revise their respective OATTs in the further compliance filings discussed below to describe how stakeholders can submit what they believe are transmission needs driven by public policy requirements.¹⁹¹

122. Further, we agree with AWEA that Filing Parties' proposed OATT revisions should include additional detail to describe the process through which public utility transmission providers will identify those transmission needs driven by public policy requirements for which transmission solutions will be evaluated. According to the proposal, the NTTG Planning Committee will identify the transmission needs driven by

¹⁸⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 216.

¹⁸⁸ *E.g.*, PacifiCorp Transmittal Letter at 14; PacifiCorp OATT, Attachment K § 3.3.2; *see also* Practice Document § II.3.4.

¹⁸⁹ *E.g.*, PacifiCorp Transmittal Letter at 14.

¹⁹⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 207.

¹⁹¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 335.

public policy requirements and the transmission needs driven by public policy considerations and will include such information in the Biennial Study Plan after consultation with stakeholders, including state regulators. However, the criteria used to identify those transmission needs driven by public policy requirements are included in the Practice Document, rather than the Filing Parties' OATTs.¹⁹² In Order No. 1000 the Commission required public utility transmission providers to amend their OATTs to describe procedures that provide for the consideration of transmission needs driven by public policy requirements in the regional transmission planning process.¹⁹³ The Commission also required public utility transmission providers to establish a just and reasonable and not unduly discriminatory process through which public utility transmission providers will identify, out of this larger set of needs, those needs for which transmission solutions will be evaluated.¹⁹⁴

123. We note that the proposed criteria used to identify those transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the regional transmission planning process are included in the Practice Document, but not in Filing Parties' respective OATTs. Additionally, we find that these proposed criteria are not adequately defined, as the Practice Document states that the criteria "may include" the seven specifically listed therein. Therefore, we direct Filing Parties on compliance to further describe in their OATTs the process, including the set of criteria, by which they will identify, out of the larger set of transmission needs driven by public policy requirements that may be proposed, the transmission needs driven by public policy requirements that will be included in the Biennial Study Plan (i.e., for which transmission solutions will be evaluated in the regional transmission planning process). Should Filing Parties propose to include the criteria that currently appear in the Practice Document into their OATTs, they must also explain how they will determine in a transparent and not unduly discriminatory manner which criteria will apply to a given need if all of the criteria will not be applied to each transmission need driven by public policy requirements.

124. We find that Filing Parties' proposal to post on the NTTG and each Filing Party's website an explanation of which transmission needs driven by public policy requirements and which transmission needs driven by public policy considerations were or were not selected for inclusion in the Biennial Study Plan, together with an explanation as to why they were or were not selected, complies with Order No. 1000.

¹⁹² *E.g.*, PacifiCorp Transmittal Letter at 14; PacifiCorp OATT, Attachment K § 3.3.3; Practice Document § II.3.6.1.

¹⁹³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 203.

¹⁹⁴ *Id.* P 209.

125. We find that Filing Parties' proposal complies with Order No. 1000's requirement that public utility transmission providers establish procedures in their OATTs to evaluate at the regional level potential transmission solutions to identified transmission needs driven by public policy requirements, including the evaluation of transmission facilities stakeholders propose to satisfy an identified transmission need driven by public policy requirements.¹⁹⁵ Filing Parties' proposed OATT revisions allow stakeholders to "submit data to be evaluated as part of the preparation of the draft Regional Transmission Plan, including transmission needs . . . driven by Public Policy Requirements,"¹⁹⁶ and state that all stakeholder submissions will be evaluated, in consultation with stakeholders, on a basis comparable to submissions required for planning the transmission system for both retail and wholesale customers. Filing Parties' proposed OATT revisions also state that solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability requirements, address economic considerations and meet transmission needs driven by public policy requirements.¹⁹⁷ Further, in their Transmittal Letters and in the Practice Document, Filing Parties state that the same criteria and selection process as those used for any other project chosen for NTTG's regional transmission plan will be used to evaluate solutions for transmission needs driven by public policy requirements.¹⁹⁸

126. Order No. 1000 also requires that the procedures for evaluating identified transmission needs driven by public policy requirements for solutions provide an opportunity for stakeholders to provide input during the evaluation in the regional transmission planning process of potential solutions to identified needs.¹⁹⁹ We find that Filing Parties comply with this requirement. Filing Parties provide several opportunities for stakeholders to provide input during the evaluation in the regional transmission planning process of potential transmission solutions to identified needs. First, Filing Parties will hold Planning Committee meetings that are open to the public at the end of each quarter of the regional transmission planning cycle. Stakeholders may submit comments at those meetings.²⁰⁰ In addition, stakeholders may review and provide

¹⁹⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 211.

¹⁹⁶ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.2.

¹⁹⁷ *E.g.*, *id.* § 3.3.5.

¹⁹⁸ *E.g.*, PacifiCorp Transmittal Letter at 15; Practice Document § II.3.4.3. These evaluation criteria are discussed below in section IV.B.2.d.

¹⁹⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 220.

²⁰⁰ *E.g.*, PacifiCorp OATT, Attachment K § 3.4.1; *see also* Practice Document § II.2.4.

comments on the draft regional transmission plan during the formal comment period in the fifth quarter of the regional transmission planning process.²⁰¹ During the seventh quarter of the regional transmission planning process, stakeholders may review and comment on the draft regional transmission plan and cost allocation recommendations.²⁰²

127. In sum, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings to revise their respective OATTs to: (1) revise the definition of public policy requirements to explicitly include local laws or regulations along with state or federal laws or regulations; (2) describe how stakeholders can submit what they believe are transmission needs driven by public policy requirements; and (3) describe the process by which NTTG will identify, out of the larger set of transmission needs driven by public policy requirements that may be proposed, those transmission needs driven by public policy requirements for which transmission solutions will be evaluated in the regional transmission planning process.

128. Regarding AWEA's concern that Filing Parties are relying too heavily on transmission providers' local transmission plans in the regional transmission planning process with respect to public policy requirements and public policy considerations and that local transmission projects must be rolled up into a regional transmission plan in order to ensure consideration of public policy requirements at the regional level, Filing Parties propose to allow any stakeholder to submit data to be evaluated as part of the preparation of the regional transmission plan, including transmission needs driven by public policy requirements and transmission needs driven by public policy considerations. In addition, Filing Parties state that, as part of the regional transmission planning process, they will determine if there is a more efficient or cost-effective regional transmission solution to meet the transmission needs driven by public policy requirements submitted by stakeholders and transmission providers using the same criteria and selection process as those used for any other project chosen for evaluation.²⁰³ We find that these two aspects of the Filing Parties' proposal address AWEA's concerns.

129. Finally, we will not require that Filing Parties revise their respective OATTs to provide that public policy requirements selected for consideration in a transmission planning cycle be carried over into subsequent cycles unless the public policy

²⁰¹ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.5; *see also* Practice Document § II.2.4.

²⁰² *E.g.*, PacifiCorp OATT, Attachment K § 3.3.7; *see also* Practice Document § II.2.4.

²⁰³ *E.g.*, PacifiCorp Transmittal Letter at 15; PacifiCorp OATT, Attachment K §§ 3.2.2, 3.3.3, 3.3.5; *see also* Practice Document § II.3.4.3.

requirement is no longer relevant or has been eliminated. While we have accepted a proposal submitted by the California Independent System Operator Corporation (CAISO) to carry forward transmission needs driven by public policy requirements into subsequent cycles,²⁰⁴ Filing Parties do not propose it here as part of their compliance filings. We also note that Order No. 1000 does not require public utility transmission providers in regions to carry over transmission needs driven by public policy requirements that were selected for consideration in the regional transmission planning process into subsequent planning cycles. Therefore, we find that no modification is needed in response to AWEA's request.

ii. **Consideration of Transmission Needs Driven by Public Policy Requirements in the Local Transmission Planning Processes**

130. We now turn to Filing Parties' respective compliance filings with respect to consideration of transmission needs driven by public policy requirements in their respective local transmission planning processes.

(a) **Local Transmission Planning Process – Filing Parties' Compliance Filings**

131. PacifiCorp, Deseret, NorthWestern Montana, Portland General, and Idaho Power propose to consider in their respective local transmission planning processes public policy requirements and public policy considerations.²⁰⁵ Similar to the regional transmission planning process, only transmission needs driven by public policy requirements are included in the local transmission plans. Public policy considerations may be evaluated in other analyses.²⁰⁶

²⁰⁴ *Cal. Indep. Sys. Operator Corp.*, 143 FERC ¶ 61,057, at P 97 (2013) (accepting a provision of the CAISO tariff providing that transmission needs driven by public policy requirements selected for consideration in a transmission planning cycle will be carried over to other cycles, unless CAISO determines that a requirement has been eliminated, modified, or is otherwise inapplicable or irrelevant for transmission planning purposes in a current cycle).

²⁰⁵ The Filing Parties use the same definitions for public policy requirements and public policy considerations, as discussed earlier in the order, in their local transmission planning processes and the regional transmission planning process.

²⁰⁶ PacifiCorp OATT, Attachment K § 2.2.2.1; NorthWestern Montana OATT, Attachment K § 2.1.10.2; Portland General OATT, Attachment K §§ 3.2.1, 3.2.5; Deseret OATT, Attachment K § 2.2.1; Idaho Power OATT, Attachment K § 3.2.1.1.

132. Section II of each Filing Party's proposed Attachment K includes provisions for stakeholders to submit input on transmission needs driven by public policy requirements and transmission needs driven by public policy considerations and provisions for each Filing Party to identify which potential transmission solutions driven by public policy requirements will be evaluated in the local transmission planning process.²⁰⁷ In all but Portland General's filing, stakeholder input is specifically provided for in the first and fifth quarters of the local transmission planning process.²⁰⁸ In Portland General's case, stakeholder input is provided for in the first, third, and fourth quarters of the local transmission planning process for the near term case,²⁰⁹ and the fifth, seventh and eighth quarters of the local transmission planning process for the longer term case.²¹⁰ In each Filing Parties' OATT, stakeholders are directed to a business practice document posted on its OASIS website, which includes the process by which transmission needs driven by public policy requirements and transmission needs driven by public policy considerations may be submitted and will be reviewed and evaluated in the local transmission planning process.²¹¹ In addition to the stakeholder procedures noted in the OATTs and maintained on their websites, each of the Filing Parties has outlined meetings which stakeholders may attend and at which stakeholders may provide comments.²¹²

133. Each Filing Party's local transmission planning process requires the Filing Party to post on its website an explanation of which transmission needs driven by public policy

²⁰⁷ PacifiCorp OATT, Attachment K § 2.2.2.1; NorthWestern Montana OATT, Attachment K § 2.1.10; Portland General OATT, Attachment K §§ 3.2.1, 3.2.5; Deseret OATT, Attachment K § 2.2.1; Idaho Power OATT, Attachment K § 3.2; *see also, e.g.*, PacifiCorp Transmittal Letter at 32.

²⁰⁸ PacifiCorp OATT, Attachment K §§ 2.2.2.1, 2.2.2.4; NorthWestern Montana OATT, Attachment K §§ 2.1.10.1, 2.3.2.1.2, 2.3.2.2.2; Deseret OATT, Attachment K §§ 2.2.1, 2.2.4; Idaho Power OATT, Attachment K §§ 3.2.1, 3.2.4.

²⁰⁹ Portland General OATT, Attachment K §§ 3.2.1, 3.2.3.

²¹⁰ *id.* §§ 3.2.5, 3.2.7.

²¹¹ PacifiCorp OATT, Attachment K § 2.2.2.1; NorthWestern Montana OATT, Attachment K §§ 2.1.10.5, 2.3.2.1.2; Portland General OATT, Attachment K §§ 3.2.1, 3.2.5; Deseret OATT, Attachment K § 2.2.1; Idaho Power OATT, Attachment K §§ 3.2.1, 3.2.4.

²¹² PacifiCorp OATT, Attachment K § 2.1.5; NorthWestern Montana OATT, Attachment K § 2.4.2; Portland General OATT, Attachment K § 3.3; Deseret OATT, Attachment K § 2.3; Idaho Power OATT, Attachment K § 3.3.

requirements and which transmission needs driven by public policy considerations will be evaluated for potential solutions in the local transmission planning process, as well as an explanation of why other suggested transmission needs will not be evaluated.²¹³

134. Filing Parties propose to use the same evaluation process and selection criteria for selection in the local transmission plan for all local transmission projects, including those to address transmission needs driven by public policy requirements.²¹⁴ Moreover, each Filing Party's proposed Attachment K includes provisions for stakeholders to submit alternative solutions to be evaluated as part of the preparation of the draft local transmission plan.²¹⁵ Filing Parties state that all stakeholder submissions will be evaluated on a basis comparable to submissions required for planning the transmission system for both retail and wholesale customers and that all transmission solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria.²¹⁶

**(b) Local Transmission Planning Process –
Protests/Comments**

135. AWEA requests that each Filing Party's OATT provide clearly defined opportunities for stakeholders to propose transmission that will support public policy

²¹³ PacifiCorp OATT, Attachment K §§ 2.2.2.1, 2.5.2.7; NorthWestern Montana OATT, Attachment K §§ 2.1.10.2.4, 2.3.2.1.4, 2.4.7.3.8; Portland General OATT, Attachment K §§ 3.2.1, 3.2.5, 5.2.8; Deseret OATT, Attachment K §§ 2.2.1, 4.2.11; Idaho Power OATT, Attachment K §§ 3.2.1, 5.2.12; *see also, e.g.*, PacifiCorp Transmittal Letter at 32-33.

²¹⁴ PacifiCorp OATT, Attachment K § 2.2.2.1; NorthWestern Montana OATT, Attachment K §§ 2.1.10.4, 2.3.2.2.3.1; Portland General OATT, Attachment K §§ 3.2.1, 3.2.5; Deseret OATT, Attachment K § 2.2.1; Idaho Power OATT, Attachment K § 3.2.1.

²¹⁵ PacifiCorp OATT, Attachment K § 2.2.2.4; NorthWestern Montana OATT, Attachment K §§ 2.3.2.1.2, 2.3.2.2.2; Deseret OATT, Attachment K § 2.2.4; Idaho Power OATT, Attachment K § 3.2.4; Portland General OATT, Attachment K §§ 3.2.1, 3.2.3, 3.2.5, 3.2.7.

²¹⁶ PacifiCorp OATT, Attachment K § 2.2.2.2; NorthWestern Montana OATT, Attachment K §§ 2.3.2.2.3.1, 2.3.2.3.2; Portland General OATT, Attachment K §§ 3.2.1; 3.2.5; Deseret OATT, Attachment K § 2.2.4; Idaho Power OATT, Attachment K § 3.2.4.

requirements and to comment on proposed solutions at the local level before they are rolled up into the NTTG regional transmission plan.²¹⁷

(c) **Local Transmission Planning Process –
Commission Determination**

136. We find that each Filing Party’s compliance filing partially complies with the provisions of Order No. 1000 addressing transmission needs driven by public policy requirements in the local transmission planning process. Earlier, we found that the definition of public policy requirements did not account for laws enacted by local governmental entities, such as a municipality or county, and required Filing Parties to revise this definition accordingly. Since there is one set of definitions that applies to both the local and regional transmission planning processes in each Filing Party’s Attachment K, the revision to the definition of public policy requirements ordered earlier will address both the local and regional transmission planning processes, so no further revision is required here.

137. We find that each Filing Party’s compliance filing satisfies the Order No. 1000 requirement that each public utility transmission provider include in its OATT procedures to identify at the local level transmission needs driven by public policy requirements and allow stakeholders an opportunity to provide input and to “offer proposals regarding the transmission needs they believe are driven by Public Policy Requirements.”²¹⁸ Stakeholders are clearly given the opportunity to propose and provide comments on transmission needs driven by public policy requirements and public policy considerations.

138. However, none of Filing Parties has complied with Order No. 1000’s requirement to describe in their OATTs a just and reasonable and not unduly discriminatory process through which each public utility transmission provider will identify, out of the larger set of needs proposed, those needs for which transmission solutions will be evaluated in the local transmission planning process.²¹⁹ Stakeholders are directed to business practice documents posted on Filing Parties’ websites for the details on how transmission needs driven by public policy requirements and transmission needs driven by public policy

²¹⁷ AWEA Comments at 13-14. AWEA’s Comments were submitted in Docket Nos. ER13-65-000 (Deseret Generation & Transmission Cooperative, Inc.), ER13-127-000 (Idaho Power Company), and ER13-67-000 (NorthWestern Corporation).

²¹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 207.

²¹⁹ *Id.* P 209.

considerations will be reviewed and evaluated.²²⁰ This is not sufficient for purposes of compliance with Order No. 1000. Therefore, we direct Filing Parties, within 120 days of the date of the issuance of this order, to submit a compliance filing with additional detail in their OATTs describing a just and reasonable and not unduly discriminatory process through which the public utility transmission provider will identify, out of the larger set of needs proposed, those needs for which transmission solutions will be evaluated in the local transmission planning process.

139. We find that each Filing Party's compliance filing complies with Order No. 1000's requirement that each public utility transmission provider post on its website an explanation of: (1) those transmission needs driven by public policy requirements that have been identified for evaluation for potential transmission solutions in the local transmission planning process; and (2) why other suggested transmission needs driven by public policy requirements introduced by stakeholders were not selected for further evaluation.²²¹

140. Finally, we find that Filing Parties' proposals to apply the same evaluation process and selection criteria to all local transmission projects, including those to address transmission needs driven by public policy requirements, meet Order No. 1000's requirement that each public utility transmission provider establish procedures to evaluate at the local level potential transmission solutions to identified transmission needs driven by public policy requirements, including those proposed by stakeholders. Further, we disagree with AWEA that each Filing Party's OATT should be revised to provide clearly defined opportunities for stakeholders to propose and comment on transmission that will support public policy requirements at the local level. Each Filing Party's proposed Attachment K includes provisions for stakeholders to submit transmission needs driven by public policy requirements and transmission needs driven by public policy considerations as well as comments, additional information about new or changed circumstances relating to transmission needs driven by public policy requirements and transmission needs driven by public policy considerations, or alternative solutions to be evaluated as part of the preparation of the draft local transmission plan.²²² All

²²⁰ We note that the links to the business practice documents included in the OATTs of Idaho Power, PacifiCorp, and Portland General are not currently working.

²²¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 209; *see also* Order No. 1000-A, 139 FERC ¶ 61,132 at P 325.

²²² PacifiCorp OATT, Attachment K §§ 2.2.2.1, 2.2.2.4; NorthWestern Montana OATT, Attachment K §§ 2.1.10.1, 2.3.2.1.2, 2.3.2.2.2; Deseret OATT, Attachment K §§ 2.2.1, 2.2.4; Idaho Power OATT, Attachment K §§ 3.2.1, 3.2.4; Portland General OATT, Attachment K §§ 3.2.1, 3.2.3, 3.2.5, 3.2.7.

stakeholder submissions will be evaluated on a basis comparable to submissions required for planning the transmission system for both retail and wholesale customers, and all potential transmission solutions will be evaluated based on a comparison of their relative economics and ability to meet reliability criteria.²²³

2. Nonincumbent Transmission Developer Reforms

141. Order No. 1000 institutes a number of reforms that seek to ensure that nonincumbent transmission developers have an opportunity to participate in the transmission development process. These reforms involve the elimination of federal rights of first refusal from Commission-jurisdictional tariffs and agreements, and the development of requirements regarding qualification criteria for transmission developers and processes for evaluating proposals for new transmission facilities.

a. Federal Rights of First Refusal

142. Order No. 1000 requires that each public utility transmission provider eliminate provisions in Commission-jurisdictional tariffs and agreements that establish a federal right of first refusal for an incumbent transmission provider with respect to transmission facilities selected in a regional transmission plan for purposes of cost allocation.²²⁴ Order No. 1000 defines a transmission facility selected in a regional transmission plan for purposes of cost allocation as a transmission facility that has been selected pursuant to a transmission planning region's Commission-approved regional transmission planning process for inclusion in a regional transmission plan for purposes of cost allocation because it is a more efficient or cost-effective solution to regional transmission needs.²²⁵ If a public utility transmission provider's tariff or other Commission-jurisdictional

²²³ PacifiCorp OATT, Attachment K § 2.2.2.2; NorthWestern Montana OATT, Attachment K §§ 2.3.2.2.3.1, 2.3.2.3.2; Portland General OATT, Attachment K §§ 3.2.1; 3.2.5; Deseret OATT, Attachment K § 2.2.4; Idaho Power OATT, Attachment K § 3.2.4. These provisions were included in Filing Parties' Order No. 890 compliance filings. *Idaho Power Co.*, 124 FERC ¶ 61,053 (2008), *order on compliance filing*, 128 FERC ¶ 61,064 (2009).

²²⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 313. The phrase "a federal right of first refusal" refers only to rights of first refusal that are created by provisions in Commission-jurisdictional tariffs or agreements. Order No. 1000-A, 139 FERC ¶ 61,132 at P 415.

²²⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 5, 63.

agreements do not contain a federal right of first refusal provision, a public utility transmission provider should state this in its compliance filing.²²⁶

143. The requirement in Order No. 1000 to eliminate a federal right of first refusal does not apply to local transmission facilities,²²⁷ which are defined as transmission facilities located solely within a public utility transmission provider's retail distribution service territory or footprint that are not selected in the regional transmission plan for purposes of cost allocation.²²⁸ The requirement also does not apply to the right of an incumbent transmission provider to build, own, and recover costs for upgrades to its own transmission facilities, regardless of whether an upgrade has been selected in the regional transmission plan for purposes of cost allocation.²²⁹ In addition, the Commission noted that the requirement does not remove, alter or limit an incumbent transmission provider's use and control of its existing rights-of-way under state law.²³⁰

144. The Commission clarified in Order No. 1000-A that Order No. 1000 does not require elimination of a federal right of first refusal for a new transmission facility if the regional cost allocation method results in an allocation of 100 percent of the facility's

²²⁶ *Id.* P 314 n.294.

²²⁷ *Id.* PP 226, 258, 318.

²²⁸ *Id.* P 63. The Commission clarified in Order No. 1000-A that a local transmission facility is one that is located within the geographical boundaries of a public utility transmission provider's retail distribution service territory, if it has one; otherwise the area is defined by the public utility transmission provider's footprint. In the case of an RTO or ISO whose footprint covers the entire region, local transmission facilities are defined by reference to the retail distribution service territories or footprints of its underlying transmission owning members. Order No. 1000-A, 139 FERC ¶ 61,132 at P 429.

²²⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 226, 319, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 426. The Commission stated in Order No. 1000 that upgrades to transmission facilities included such things as tower change outs or reconductoring, regardless of whether or not an upgrade has been selected in the regional transmission plan for purposes of cost allocation. Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319. The Commission clarified in Order No. 1000-A that the term "upgrade" means an improvement to, addition to, or replacement of a part of, an existing transmission facility. The term does not refer to an entirely new transmission facility. Order No. 1000-A, 139 FERC ¶ 61,132 at P 426.

²³⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 319.

costs to the public utility transmission provider in whose retail distribution service territory or footprint the facility is to be located.²³¹ The Commission also clarified in Order No. 1000-A that the phrase “selected in a regional transmission plan for purposes of cost allocation” excludes a new transmission facility if the costs of that facility are borne entirely by the public utility transmission provider in whose retail distribution service territory or footprint that new transmission facility is to be located.²³² However, the Commission acknowledged in Order No. 1000-A that there may be a range of examples of multi-transmission provider zones, and it would address whether a cost allocation to a multi-transmission provider zone is regional on a case-by-case basis based on the facts presented on compliance.²³³

i. Filing Parties’ Compliance Filings

145. Filing Parties indicate that their respective OATTs do not contain provisions granting a federal right of first refusal to construct transmission facilities selected in the NTTG regional transmission plan for purposes of cost allocation.²³⁴

ii. Protests/Comments

146. No comments or protests were filed regarding this issue.

iii. Commission Determination

147. We find Filing Parties’ compliance filings comply with the requirements of Order No. 1000 because Filing Parties’ OATTs do not contain any federal rights of first refusal with respect to transmission projects selected in the NTTG regional transmission plan for purposes of cost allocation.

b. Qualification Criteria

148. Order No. 1000 requires each public utility transmission provider to revise its OATT to demonstrate that the regional transmission planning process in which it participates has established appropriate qualification criteria for determining an entity’s eligibility to propose a transmission project for selection in the regional transmission plan

²³¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 423.

²³² *Id.*

²³³ *Id.* P 424, *order on further reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 at P 40.

²³⁴ *E.g.*, PacifiCorp Transmittal Letter at 12.

for purposes of cost allocation, whether that entity is an incumbent transmission provider or a nonincumbent transmission developer.²³⁵ Appropriate qualification criteria must be fair and not unreasonably stringent when applied to either the incumbent transmission provider or nonincumbent transmission developer.²³⁶ These criteria must not be unduly discriminatory or preferential and must provide each potential transmission developer the opportunity to demonstrate that it has the necessary financial resources and technical expertise to develop, construct, own, operate, and maintain transmission facilities.²³⁷

149. The qualification criteria should also allow for the possibility that an existing public utility transmission provider already satisfies the criteria.²³⁸ There must be procedures in place for timely notifying transmission developers of whether they satisfy the region's qualification criteria and opportunities to remedy any deficiencies.²³⁹ In addition, the qualification criteria should not be applied to an entity proposing a transmission project for consideration in the regional transmission planning process if that entity does not intend to develop the proposed transmission project.²⁴⁰

150. The Commission clarified in Order No. 1000-A that it would be an impermissible barrier to entry to require, as part of the qualification criteria, that a transmission developer demonstrate that it has, or can obtain, state approvals necessary to operate in a state, including state public utility status and the right to eminent domain, to be eligible to propose a transmission facility.²⁴¹

i. Filing Parties' Compliance Filings

151. Filing Parties' OATTs require that "[s]ponsors who intend to submit a project for cost allocation must be pre-qualified by the NTTG planning committee, according to its criteria, process, and schedule."²⁴² To satisfy this prequalification requirement, Filing

²³⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 225, 323.

²³⁶ *Id.* P 324.

²³⁷ *Id.* P 323.

²³⁸ *Id.* P 324.

²³⁹ *Id.*

²⁴⁰ *Id.* P 324 n.304, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at n.520.

²⁴¹ Order No. 1000-A, 139 FERC ¶ 61,132 at P 441.

²⁴² *E.g.*, PacifiCorp, OATT, Attachment K § 3.3.1.

Parties propose that any transmission developer, including both incumbent and nonincumbent transmission developers,²⁴³ that plans to submit a regional transmission project into NTTG's regional transmission planning process for cost allocation consideration must submit sponsor qualification data to the Planning and Cost Allocation Committees during October of quarter 8 of the prior biennial transmission planning cycle.²⁴⁴ Filing Parties state that NTTG will use this information to determine if a transmission developer is eligible to submit the transmission project for cost allocation consideration.²⁴⁵ NTTG will review the data provided by the transmission developer and issue any necessary deficiency notice to sponsor in November. The transmission developer would then be required to provide any requested additional information by January in quarter 1 of the next transmission planning cycle.²⁴⁶

152. For the prequalification process, the Practice Document establishes six categories of data that transmission developers must submit to the Planning and Cost Allocation Committees, as well as specific metrics that NTTG will use to evaluate the submitted data. First, the transmission developer must provide a description of itself in sufficient detail to provide NTTG a clear understanding of the transmission developer, including its name and address, the number of years it has been in business, and the nature of its business. Second, a transmission developer must provide a summary of the proposed transmission project, including voltage, approximate construction duration, and the cost of the proposed transmission project. Third, a transmission developer must demonstrate acceptable technical expertise by providing a description of its expertise, including its management experience in developing, constructing, and owning a project of similar size and scope, a clear discussion of the developer's depth and breadth of technical expertise (both internal and external), and information regarding projects of similar scale that demonstrate the developer's technical experience.

153. Fourth, a transmission developer must provide information regarding its financial expertise, including a creditworthiness review requiring the provision of the developer's most recent annual report, most recent quarterly report, last two audited year-end financial statements, and rating agency reports, as well as information regarding any material issues that could affect the credit decision (e.g., litigation, contingencies, investigations). In addition, Filing Parties propose that a transmission developer

²⁴³ *E.g.*, PacifiCorp Transmittal Letter at 21 n.99.

²⁴⁴ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.1.

²⁴⁵ *E.g.*, PacifiCorp Transmittal Letter at 21.

²⁴⁶ Practice Document § II.4.1.2, Figure 6; *see also, e.g.*, PacifiCorp Transmittal Letter at 22.

demonstrate that it has an investment grade credit rating or, in the alternative, must demonstrate that: (1) it or its parent company has existed for at least five years; (2) its working capital has been positive for the prior three years; and (3) its assets are at least five times the transmission project's capital costs.²⁴⁷

154. Fifth, a transmission developer must provide a clear description of its investors and appropriate financial information regarding its investors, including financial expertise information also required of the transmission developer. Finally, a transmission developer must provide a clear description of its ability to operate and maintain the transmission project, including actual examples of operation and maintenance experience or similar information for the transmission developer's consultant or outsourced entity. To evaluate a transmission developer's ability to maintain and operate a transmission project, Filing Parties propose to require a transmission developer to show that it, or its parent organization, has at least five years' experience in operating and maintaining transmission projects.²⁴⁸

ii. Protests/Comments

155. LS Power objects to the inclusion of NTTG's qualification criteria in the Practice Document because the Practice Document was not submitted as part of Filing Parties' compliance filings for Commission approval. LS Power argues that this is not compliant with Order No. 1000 and requests that the Commission require Filing Parties to include the qualification criteria in their respective OATTs.²⁴⁹

iii. Commission Determination

156. We find that information described by Filing Parties with respect to qualification criteria partially complies with Order No. 1000's requirements. As a threshold matter, Order No. 1000 specifically stated that the transmission developer "qualification criteria . . . should not be applied to an entity proposing a transmission project for consideration in the regional transmission planning process if that entity does not intend to develop the proposed transmission project."²⁵⁰ Accordingly, Filing Parties' proposal that only qualified transmission developers may *propose* a regional transmission project for

²⁴⁷ Practice Document § II.4.1.1, Table 2.

²⁴⁸ *Id.*

²⁴⁹ LS Power Protest at 8-9.

²⁵⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 324 n.304, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 439 n.520.

consideration in the regional transmission plan for purposes of cost allocation is inconsistent with Order No. 1000. Whether a transmission project is *proposed* during the regional transmission planning process is different than whether there is an entity qualified to *develop* such a project. Therefore, we direct Filing Parties to clarify in their OATTs that: (1) any entity may submit a transmission project into the regional transmission planning process for consideration for purposes of cost allocation; and (2) their proposed qualification criteria will only apply to a transmission developer that intends to develop a transmission project that it submits into the regional transmission planning process for purposes of cost allocation.

157. In general, we find that the qualification criteria provisions explained by Filing Parties and set forth in the Practice Document are fair, are not unreasonably stringent, and provide potential transmission developers the opportunity to demonstrate they have the financial resources and technical expertise to develop, construct, own, operate, and maintain transmission facilities. However, Filing Parties have only included these criteria in the Practice Document and not in their respective OATTs. Filing Parties have also not included in their respective OATTs procedures for timely notifying potential transmission developers of whether they satisfy the qualification criteria and providing opportunities to remedy any deficiencies. Order No. 1000 requires public utility transmission providers to reflect the appropriate qualification criteria for determining an entity's eligibility to propose a transmission project for selection in the regional transmission plan for purposes of cost allocation and the procedures to remedy identified deficiencies in their respective OATTs.²⁵¹ Therefore, we require Filing Parties to reflect this information in their respective OATTs.

158. With respect to the financial criteria requirements, we conclude that requiring a prospective transmission developer to demonstrate that it has an investment grade credit rating is a reasonable qualification criterion. We also find it appropriate to allow a prospective transmission developer to satisfy an alternative demonstration if it cannot demonstrate that it has an investment grade credit rating. However, Filing Parties have not supported their proposed alternative demonstration required of a prospective transmission developer if it cannot demonstrate an investment grade credit rating.²⁵² In particular, Filing Parties have not explained or provided any justification to demonstrate

²⁵¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 323; *see also Pub. Serv. of Colo.*, 142 FERC ¶ 61,206, at PP 217-218 (2013) (requiring WestConnect planning region public utility transmission providers to revise their OATTs to include qualification criteria).

²⁵² Namely, that (1) the transmission developer or its parent company has existed for at least five years; (2) its working capital has been positive for the prior three years; and (3) its assets are at least five times the transmission project's capital costs.

that a transmission developer having assets that are at least five times the transmission project's capital costs is necessary to demonstrate that the transmission developer has the financial qualifications to develop the transmission project. Therefore, we find that, when Filing Parties include qualification criteria in their OATTs as directed above, Filing Parties must provide justification for the proposed alternative demonstration required of a prospective transmission developer if it cannot demonstrate an investment grade credit rating or, alternatively, propose and justify another alternative demonstration required of a prospective transmission developer if it cannot demonstrate an investment grade credit rating.

159. We also find that Filing Parties' proposed qualification criterion that requires a transmission developer, or its parent, to demonstrate that it has five years' experience in operating and maintaining transmission projects does not comply with Order No. 1000. Given the potential for a prospective transmission developer to rely on third-party contractors to operate and maintain its transmission facilities, it is unreasonable to require such a developer to demonstrate that it or its parent company has experience in doing so without also providing an opportunity for a transmission developer to satisfy this showing through reliance on relevant third-party experience. While the Practice Document indicates that Filing Parties may have contemplated the use of third parties by transmission developers to maintain and operate proposed facilities,²⁵³ the Practice Document further provides for *the evaluation* of the transmission developer solely on its or its parent organization's experience with respect to maintaining and operating transmission facilities.²⁵⁴ We conclude that this proposed qualification criterion, as found in the Practice Document, is unreasonably stringent²⁵⁵ and might act as a barrier to new entry, and we find that Filing Parties may not include this criterion in their OATTs unless they also allow transmission developers to satisfy it by relying upon the relevant experience of third-party contractors.

160. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings that: (1) revise their OATTs to state that any entity may submit a transmission project into the regional transmission planning process for consideration for purposes of cost allocation; (2) revise their OATTs to clarify that the proposed qualification criteria apply only to a transmission developer that intends to develop a transmission project that it submits into the regional transmission

²⁵³ Specifically, the Practice Document provides for *the submission of data* on operating and maintenance experience by the transmission developer or the developer's "consultant or outsourced entity." Practice Document § II.4.1.1, Table 2.

²⁵⁴ *Id.*

²⁵⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 324.

planning process for purposes of cost allocation; (3) set forth in their OATTs the qualification criteria, procedures for timely notifying potential transmission developers of whether they satisfy the qualification criteria, and opportunities for a potential transmission developer to remedy any deficiencies; (4) when Filing Parties include in their OATTs the proposed alternative financial qualification demonstration currently contained in the Practice Document, provide a justification for the proposed alternative financial qualification demonstration; and (5) if Filing Parties propose to include in their OATTs the five-year experience requirement, revise their OATTs to allow transmission developers to satisfy the five-year experience requirement by relying upon the relevant experience of third-party contractors.

c. Information Requirements

161. Order No. 1000 requires that each public utility transmission provider revise its OATT to identify the information that a prospective transmission developer must submit in support of a transmission project the developer proposes in the regional transmission planning process.²⁵⁶ The public utility transmission provider must identify this information in sufficient detail to allow a proposed transmission project to be evaluated in the regional transmission planning process on a basis comparable to other transmission projects that are proposed in this process.²⁵⁷ The information requirements must not be so cumbersome that they effectively prohibit transmission developers from proposing transmission projects, yet not be so relaxed that they allow for relatively unsupported proposals.²⁵⁸ They may require, for example, relevant engineering studies and cost analyses and may request other reports or information from the transmission developer that are needed to facilitate evaluation of the transmission project in the regional transmission planning process.²⁵⁹

162. Each public utility transmission provider must also revise its OATT to identify the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle.²⁶⁰ Each transmission planning region

²⁵⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 325.

²⁵⁷ *Id.* P 326.

²⁵⁸ *Id.*

²⁵⁹ *Id.*

²⁶⁰ *Id.* P 325.

may determine for itself what deadline is appropriate and may use rolling or flexible dates to reflect the iterative nature of their regional transmission planning process.²⁶¹

i. Filing Parties' Compliance Filings

163. Filing Parties propose that a transmission developer submit the following minimum transmission project information, to the extent appropriate for the project, regardless of whether or not the transmission developer is seeking to have the project selected in the regional transmission plan for purposes of cost allocation: (1) load and resource data; (2) forecasted transmission service requirements; (3) whether the project meets reliability or load service requirements; (4) economic considerations; (5) whether the project satisfies a transmission need driven by public policy requirements; and (6) details regarding the proposed transmission project, including the project location, voltage level, structure type, conductor type and configuration, project terminal facilities, project cost and the annual revenue requirement, including underlying assumptions and parameters for the requirement, development schedule, the current project development phase, and the in-service date.²⁶²

164. If the transmission developer proposes the transmission project for selection in the regional transmission plan for purposes of cost allocation, then Filing Parties require the following additional information beyond the minimum information requirements described in P 163, above: (1) a statement of whether the project is proposed to meet a reliability or public policy requirement, or as part of an integrated resource planning or other process regarding the economic operation of resources; (2) if the project is proposed to meet a reliability or public policy requirement, copies of all studies supporting the project selection; (3) if the project is proposed as part of the planning for future resource development, any production cost model input and output used in the economic justification of the project; (4) copies of all studies that quantify the annual impacts on the transmission developer and other regional entities; (5) copies of any WECC or other regional, interregional, or interconnection-wide determinations on the project; (6) the input assumptions and forecasts incorporated in any studies evaluating the

²⁶¹ *Id.* P 327.

²⁶² *E.g.*, PacifiCorp OATT, Attachment K § 3.3.2. These minimum information requirements apply to a project sponsor. In addition, “[a]ny stakeholder may submit data to be evaluated as part of the preparation of the draft Regional Transmission Plan, including . . . alternate solutions to the identified needs” without having to provide the minimum information requirements that apply to a project sponsor. *E.g.*, *id.*

efficiency and cost-effectiveness of the project; and (7) any proposal on the treatment of project cost overruns.²⁶³

165. Filing Parties propose that transmission developers submit this required information to the Planning Committee by the end of quarter 1 of the NTTG transmission planning cycle.²⁶⁴

ii. Protests/Comments

166. AWEA is concerned that many transmission developers, such as merchant developers, do not have access to load and resource data or other types of data that are required for project sponsorship in Filing Parties' proposal. Consequently, it suggests that Filing Parties adopt a more flexible approach, such as waiving the data requirement if the data may be obtained from a source other than the transmission developer.²⁶⁵

167. Utah Industrial Energy Consumers request that, in the instance of reliability projects, a transmission developer identify the specific reliability standards addressed and explain how the proposed transmission project meets those specific reliability standards. They contend that to meet this request, Filing Parties' proposal would need to be revised to ask for: (1) the identification of the specific reliability standard, public policy, or load growth causing the investment; (2) an explanation of the particular need; (3) how specifically this particular project meets that particular need; (4) what percentage of the project meets that particular need; (5) who benefits from this particular solution to the need; (6) how the identified beneficiaries benefit; and (7) how much benefit the transmission developer believes each beneficiary receives as a result of this particular project. Additionally, Utah Industrial Energy Consumers believe similar informational requirements need to be added to subsections 3.3.2(aa), (bb), (cc), and (dd) (i.e., the information requirements for a transmission project proposed for selection in the regional transmission plan for purposes of cost allocation).²⁶⁶

iii. Commission Determination

168. We find that Filing Parties' compliance filings addressing information requirements for transmission projects proposed by transmission developers partially comply with the requirements of Order No. 1000 and, as discussed below, direct further

²⁶³ *E.g., id.*

²⁶⁴ *E.g., id.*

²⁶⁵ AWEA Comments at 18.

²⁶⁶ Utah Industrial Energy Consumers Comments at 9-10.

revisions within 120 days of the date of issuance of this order. We find that the provisions require sufficient detail to allow the public utility transmission providers in the transmission planning region to evaluate transmission projects proposed by transmission developers, including both transmission projects that are seeking regional cost allocation and those that are not, on a comparable basis with other proposed transmission projects.²⁶⁷ Specifically, we accept Filing Parties' proposal to apply certain minimum information requirements to transmission projects that are proposed to address regional needs, but do not seek regional cost allocation (e.g., participant-funded transmission projects), and to apply additional information requirements to transmission projects that are proposed to address regional needs and be selected in the regional transmission plan for purposes of cost allocation.²⁶⁸ Furthermore, by proposing that transmission developers must submit the required information to the Planning Committee by the end of quarter 1 of the NTTG transmission planning cycle, Filing Parties satisfy Order No. 1000's requirement that each public utility transmission provider revise its OATT to identify the date by which information in support of a transmission project must be submitted to be considered in a given transmission planning cycle.

169. However, with respect to the minimum information requirements applicable to all transmission projects proposed by transmission developers for the regional transmission planning process, including those that are not seeking to have their project selected in the regional transmission plan for purposes of cost allocation, we find that Filing Parties fail to explain what load and resource data they require for a proposed transmission project, or what information a transmission developer must provide, to satisfy the proposed "economic considerations" requirement. We also note they do not explain what entity determines whether a particular information element is appropriate, and therefore required, for a given transmission project, or whether transmission developers may argue

²⁶⁷ With respect to information requirements (3) and (5), i.e., whether the project meets reliability or load service requirements or satisfies a transmission need driven by public policy requirements, we understand these provisions to require only that the transmission developer identify whether its proposed transmission project addresses reliability or load service requirement(s) or transmission need(s) driven by public policy requirements, and not to impose a requirement that the transmission developer perform and provide the region with its own studies demonstrating that it meets such requirements or satisfies such needs.

²⁶⁸ We also note that, as discussed in section IV.B.2.d below, Filing Parties propose to evaluate all proposed solutions using the same evaluation criteria and procedures. *E.g.*, PacifiCorp OATT, Attachment K § 3.3.3 ("Solutions will be evaluated based on a comparison of their ability to meet reliability requirements, address economic considerations and/or meet transmission needs driven by Public Policy Requirements.").

that certain data or other information elements are not applicable to their proposed transmission projects. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings in which they: (1) clarify what load and resource data would be required for proposed transmission projects; (2) explain what information a transmission developer must provide to satisfy the proposed “economic considerations” requirement; and (3) explain whether the NTTG Planning Committee or the public utility transmission providers in the transmission planning region determine what data and other information elements are deemed appropriate for consideration of proposed transmission projects.

170. Furthermore, with respect to the additional information requirements applicable to transmission projects submitted for selection in the regional transmission plan for purposes of cost allocation, we find that the following information requirements do not comply with Order No. 1000: (1) if the transmission project is proposed to meet a reliability or public policy requirement, copies of all studies supporting the transmission project selection; (2) if the transmission project is proposed as part of the transmission planning for future resource development, any production cost model input and output used in the economic justification of the transmission project; (3) copies of all studies that quantify the annual impacts on the transmission developer and other regional entities; and (4) the input assumptions and forecasts incorporated in any studies evaluating the efficiency and cost-effectiveness of the transmission project.

171. We find that requiring the prospective transmission developer to provide such studies, data, and assumptions in order to propose a transmission project for consideration for selection in the regional transmission plan for purposes of cost allocation is unreasonable and such requirements could be so cumbersome as to effectively prohibit transmission developers from proposing transmission projects.²⁶⁹ We conclude that such detailed studies are more appropriately performed by the public utility transmission providers in the regional transmission planning process to determine whether or not to select a proposed transmission project in the regional transmission plan for purposes of cost allocation. The information requirements should permit a transmission developer to submit any studies and analysis the region performed to support its proposed transmission project. However, the public utility transmission providers in a transmission planning region must conduct the studies and analysis that it will use to evaluate proposed transmission projects as part of the regional transmission planning process, as discussed in section IV.B.1.c.i above. Consequently, we require Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings to remove from their OATTs the proposed information requirements listed above or to clarify that such studies, data, and assumptions are not required, but are permitted to the extent the

²⁶⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 326.

transmission developer voluntarily performed studies supporting its proposed transmission project's selection as a more efficient or cost-effective solution or to quantify the proposed transmission project's impacts.

172. In response to AWEA's request that we direct Filing Parties to adopt a more flexible approach, such as waiving a specific data requirement if the data may be obtained from a source other than the transmission developer, we note that Order No. 1000 does not mandate that regions adopt such flexibility, and we therefore deny AWEA's request. However, we also note that other Order No. 1000 regional transmission planning processes do provide for such flexibility,²⁷⁰ and we encourage Filing Parties to consider whether providing transmission developers with additional flexibility would benefit the NTTG regional transmission planning process.

173. Finally, we will not require Filing Parties to revise their OATTs to include the additional information proposed by the Utah Industrial Energy Consumers. Order No. 1000 affords public utility transmission providers in each region some discretion to identify the information required for proposing transmission projects and we conclude that, with the exception of those provisions discussed above, the information Filing Parties propose to require is consistent with Order No. 1000.²⁷¹ We also note that the additional information sought by Utah Industrial Energy Consumers is information that likely will be developed through the regional transmission planning process, and therefore will be available to the Utah Industrial Energy Consumers.

d. Evaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation

174. Order No. 1000 requires each public utility transmission provider to amend its OATT to describe a transparent and not unduly discriminatory process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.²⁷² Public utility transmission providers should both explain and justify the nondiscriminatory evaluation process proposed in their compliance filings.²⁷³

²⁷⁰ *E.g., Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206 at P 83.

²⁷¹ *See, e.g., Order No. 1000*, FERC Stats. & Regs. ¶ 31,323 at P 326.

²⁷² *Order No. 1000*, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, *Order No. 1000-A*, 139 FERC ¶ 61,132 at P 452.

²⁷³ *Order No. 1000-A*, 139 FERC ¶ 61,132 at P 268.

175. The evaluation process must ensure transparency and provide the opportunity for stakeholder coordination.²⁷⁴ The public utility transmission providers in a transmission planning region must use the same process to evaluate a new transmission facility proposed by a nonincumbent transmission developer as it does for a transmission facility proposed by an incumbent transmission developer.²⁷⁵ When cost estimates are part of the selection criteria, the regional transmission planning process must scrutinize costs in the same manner whether the transmission project is sponsored by an incumbent or nonincumbent transmission developer.²⁷⁶ The evaluation process must culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation.²⁷⁷

i. Filing Parties' Compliance Filings

176. Filing Parties' OATTs provide that "[s]olutions will be evaluated based on a comparison of their ability to meet reliability requirements, address economic considerations and/or meet transmission needs driven by Public Policy Requirements."²⁷⁸ Filing Parties provide additional detail regarding the proposed evaluation process in the Practice Document.

177. Filing Parties state that in quarter 2 of NTTG's biennial transmission planning cycle, the NTTG Planning Committee will develop the Biennial Study Plan, which will identify transmission projects selected in the previous regional transmission plan that are "committed" and those that are subject to reevaluation, define study requirements, and describe, among other things, the methodology, criteria, assumptions, databases, and analysis tools to be used in the review and selection of transmission projects for the regional transmission plan.²⁷⁹ The Practice Document indicates that NTTG will define "more efficient and cost-effective" during the development of the Biennial Study Plan,

²⁷⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

²⁷⁵ Order No. 1000-A, 139 FERC ¶ 61,132 at P 454.

²⁷⁶ *Id.* P 455.

²⁷⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 267.

²⁷⁸ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.3.

²⁷⁹ *E.g.*, PacifiCorp Transmittal Letter at 16; *see also, e.g.*, PacifiCorp OATT, Attachment K § 3.3.3; Practice Document § II.3.5.

basing the selection of transmission projects on evaluation criteria developed by the NTTG Planning Committee with input from stakeholders. The Practice Document states that the criteria may include the following: feasibility and timeliness of the solution given the needed in-service date; reliability performance measured by appropriate engineering and data results; congestion, as measured through production-cost simulation; incremental capital-related costs of regional transmission projects and non-transmission alternatives, including costs necessary to eliminate any violation of a reliability standard that is accelerated into the planning horizon; incremental capital-related cost of peak capacity requirements and operating reserves within the regional footprint; total net production cost within the regional footprint; and cost-effectiveness.²⁸⁰

ii. Protests/Comments

178. Western Independent Transmission Group, LS Power, and PPL Companies claim that the compliance filings do not provide enough specificity regarding the evaluation process for transmission projects proposed for selection in the regional transmission plan for purposes of cost allocation.²⁸¹ Western Independent Transmission Group and PPL Companies claim that Filing Parties' generic statements regarding the specific benefit metrics NTTG will set forth in the Biennial Study Plan do not specify how it will evaluate and include these types of benefits in its consideration.²⁸² Specifically, PPL Companies contend that without identifying such metrics in the tariff, it is impossible to ensure that the regional planning process will provide comparable, non-discriminatory treatment of customers.²⁸³ Additionally, LS Power requests that the Commission require Filing Parties to amend their compliance filings to provide sufficient detail on how they will select among competing transmission projects for inclusion in the regional transmission plan.²⁸⁴

²⁸⁰ Practice Document § II.3.6.1.

²⁸¹ Western Independent Transmission Group Comments at 6; LS Power Protest at 7-8; PPL Companies Protest at 13.

²⁸² Western Independent Transmission Group Comments at 6; PPL Companies Protest at 13-14.

²⁸³ PPL Companies Protest at 14.

²⁸⁴ LS Power Protest at 8.

iii. Commission Determination

179. We find that the provisions in the Filing Parties' proposals addressing the evaluation of proposed transmission projects partially comply with the requirements of Order No. 1000. Filing Parties' OATTs provide that during the second quarter of the biennial transmission planning cycle, the NTTG Planning Committee will develop the Biennial Study Plan, which will describe, among other things, the methodology, criteria, assumptions, databases, and analysis tools to be used in the review and selection of transmission projects for the regional transmission plan.²⁸⁵ However, we agree with commenters that certain aspects of the proposal for the evaluation process of proposed transmission projects must be explained in Filing Parties' OATTs in greater detail to provide adequate transparency. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

180. Order No. 1000 requires each public utility transmission provider to amend its tariff to describe a transparent and not unduly discriminatory process for evaluating whether to select a proposed transmission facility in the regional transmission plan for purposes of cost allocation.²⁸⁶ We share Western Independent Transmission Group, LS Power, and PPL Companies' concern that Filing Parties' OATTs lack the appropriate level of detail to describe a sufficiently transparent and not unduly discriminatory process for selecting transmission projects in the regional transmission plan for purposes of cost allocation. First, we find that the proposed evaluation criteria are included in the Practice Document, but not in Filing Parties' respective OATTs. While Filing Parties may provide supplemental information for stakeholders in the Practice Document, they must include sufficient detail in their OATTs for participants to understand the processes and criteria that will determine whether a proposed transmission facility is selected in the regional transmission plan for purposes of cost allocation.

181. Second, we find that these proposed evaluation criteria are not adequately defined, as the Practice Document states that the criteria "may include" the seven criteria specifically listed therein. Filing Parties must explain whether all of the evaluation criteria will be applied to each transmission project proposed for selection in the regional transmission plan for purposes of cost allocation, and if not, how Filing Parties will determine in a transparent and not unduly discriminatory manner which criteria will apply to a given transmission project. In addition, we find that the Practice Document

²⁸⁵ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.3; *see also* Practice Document § II.3.5.

²⁸⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 328, *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 452.

uses the term “more efficient *and* cost effective” in reference to the criterion used to evaluate proposed transmission projects instead of the “more efficient *or* cost-effective” criterion established by Order No. 1000.²⁸⁷ Filing Parties’ proposal also fails to explain how the evaluation process will culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation, as required by Order No. 1000.²⁸⁸

182. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings that revise their OATTs to: (1) set forth the set of criteria that will be used to determine if a proposed transmission project is a more efficient *or* cost-effective solution for the transmission planning region and, if these criteria will not all be applied to each proposed transmission project, an explanation of how Filing Parties will determine in a transparent and not unduly discriminatory manner which criteria will apply to a given transmission project; and (2) describe an evaluation process that culminates in a determination that is sufficiently detailed for stakeholders to understand why a particular transmission project was selected or not selected in the regional transmission plan for purposes of cost allocation.

e. **Reevaluation Process for Transmission Proposals for Selection in the Regional Transmission Plan for Purposes of Cost Allocation**

183. Each public utility transmission provider must amend its OATT to describe the circumstances and procedures under which public utility transmission providers in the regional transmission planning process will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative transmission solutions, including those that the incumbent transmission provider proposes, to ensure the incumbent transmission provider can meet its reliability needs or service obligations.²⁸⁹ If an evaluation of alternatives is needed, the regional transmission planning process must allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint, and if that solution is a transmission facility, then the proposed transmission

²⁸⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 148 (emphasis added).

²⁸⁸ *Id.* P 328, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 267.

²⁸⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 263, 329, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

facility should be evaluated for possible selection in the regional transmission plan for purposes of cost allocation.²⁹⁰

i. Filing Parties' Compliance Filings

184. Under Filing Parties' proposal, the developer of a transmission project selected in the regional transmission plan is expected to inform the NTTG Planning Committee of any project delay that would potentially affect the in-service date as soon as the delay is known and, at a minimum, when the sponsor transmission developer resubmits its project development schedule during quarter 1 of the regional transmission planning process.²⁹¹ Filing Parties' proposal provides that when developing the Biennial Study Plan, the NTTG Planning Committee will consider potential project delays for any project selected in the prior regional transmission plan. In doing so, the NTTG Planning Committee will reevaluate whether the transmission project's inability to meet its original in-service date, among other considerations, impacts reliability needs or service obligations addressed by the delayed transmission project.²⁹² Filing Parties' proposal further provides that under certain circumstances, described below, transmission projects selected in a prior regional transmission plan may be reevaluated and potentially replaced or deferred.²⁹³

185. In their filings, Filing Parties state the conditions under which a transmission project could be reevaluated in a subsequent transmission planning cycle by defining the point at which a transmission project is considered "committed" and no longer subject to reevaluation. Filing Parties' proposal defines "committed" projects as those selected in the previous regional transmission plan that have all permits and rights-of-way required for construction, as identified in the submitted development schedule, by the end of quarter 1 of the current regional transmission planning cycle. Filing Parties' proposal provides that "committed" transmission projects are not subject to reevaluation unless the project fails to meet its development schedule milestones such that the needs of the

²⁹⁰ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

²⁹¹ *E.g.*, PacifiCorp Transmittal Letter at 18; PacifiCorp OATT, Attachment K § 3.8.

²⁹² *E.g.*, PacifiCorp Transmittal Letter at 18; PacifiCorp OATT, Attachment K § 3.3.3.

²⁹³ *E.g.*, PacifiCorp OATT, Attachment K § 3.3.3.

region will not be met, in which case, the project may lose its designation as a “committed” project.²⁹⁴

186. Filing Parties’ proposal provides that if not “committed,” a transmission project selected in the previous regional transmission plan – whether selected for cost allocation or not – shall be reevaluated, and potentially replaced or deferred, in subsequent regional transmission planning cycles only in the event that: (1) the transmission developer fails to meet its project development schedule such that the needs of the region will not be met; (2) the transmission developer fails to meet its project development schedule due to delays of governmental permitting agencies such that the needs of the region will not be met; or (3) the needs of the region change such that a project with an alternative location and/or configuration meets the needs of the region more efficiently and/or cost-effectively.²⁹⁵

187. Filing Parties also propose that in the event of: (1) as identified above, the Planning Committee may remove the transmission project from the initial regional transmission plan and pursue an alternative transmission project to replace the removed project. Filing Parties also propose that in the event of; (2) or; (3) identified above, the Planning Committee will replace the transmission project with an alternative transmission project if the total cost of the alternative transmission project plus the costs incurred for the replaced or deferred transmission project while it was selected in the regional transmission plan are less than or equal to 85 percent of the replaced or deferred transmission project’s capital cost.²⁹⁶

188. Filing Parties state that while Order No. 1000 only required the reevaluation of transmission projects selected in a regional transmission plan for purposes of cost allocation, they will reevaluate the effects caused by the delay or deferral of any transmission project selected in the regional transmission plan. Filing Parties further state they recognize that the delay or deferral of any selected transmission project will require a reassessment of whether the regional transmission plan continues to meet the

²⁹⁴ *E.g., id.* § 3.8. These regional needs include the incumbent transmission providers’ reliability needs and service obligations. *E.g., id.* § 3.3.3 (providing that “the NTTG [P]lanning [C]ommittee will reevaluate whether the project’s inability to meet its original in-service date, among other considerations, impacts reliability needs or service obligations addressed by the delayed project”).

²⁹⁵ *E.g.,* PacifiCorp Transmittal Letter at 19; PacifiCorp OATT, Attachment K § 3.8.

²⁹⁶ *E.g.,* PacifiCorp Transmittal Letter at 19; PacifiCorp OATT, Attachment K § 3.8.

needs of the region on a more efficient and cost-effective basis. Filing Parties conclude that applying the reevaluation process to all selected transmission projects, whether for inclusion in the regional transmission plan or for cost allocation, will ensure that all projects are treated on a comparable basis.²⁹⁷

189. Finally, for the developer of a transmission project selected in the regional transmission plan for purposes of cost allocation, Filing Parties propose to require the transmission developer to submit qualification data during quarter 8 of the prior transmission planning cycle and remain qualified, as determined in quarter 1 of the planning cycle. Filing Parties propose that, if the transmission developer no longer meets the sponsor qualification criteria, the transmission project may remain in the regional transmission plan, but will not be eligible for regional cost allocation.²⁹⁸

ii. Protests/Comments

190. No comments or protests were filed regarding this issue.

iii. Commission Determination

191. We find that the provisions in Filing Parties' compliance filings addressing the reevaluation of the regional transmission plan partially comply with the requirements of Order No. 1000. Accordingly, we direct Filing Parties to file, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

192. First, we note that Order No. 1000 specifically requires public utility transmission providers to reevaluate the regional transmission *plan*.²⁹⁹ While Filing Parties propose that the NTTG Planning Committee will reevaluate whether delays in the development of a transmission facility, among other considerations, affect reliability needs or service obligations addressed by the delayed transmission facility,³⁰⁰ the proposed OATT

²⁹⁷ *E.g.*, PacifiCorp Transmittal Letter at 19.

²⁹⁸ Practice Document § II.3.10.

²⁹⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329 (requiring that "each public utility transmission provider must amend its OATT to describe the circumstances and procedures under which public utility transmission providers ... will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in the regional plan for purposes of cost allocation require evaluation of alternative solutions"), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 477.

³⁰⁰ *E.g.*, PacifiCorp Transmittal Letter at 18; PacifiCorp OATT, Attachment K § 3.3.3.

revisions also provide that NTTG will reevaluate transmission *projects*.³⁰¹ Accordingly, in the ordered compliance filings, we direct Filing Parties to clarify in their OATTs that NTTG will undertake a reevaluation of the regional transmission plan, rather than only transmission projects.³⁰² Moreover, Filing Parties' revisions must, consistent with the requirements of Order No. 1000: (1) allow the incumbent transmission provider to propose solutions that it would implement within its retail distribution service territory or footprint if an evaluation of alternatives is needed; and (2) if the proposed solution is a transmission facility, provide for the facility's evaluation for possible selection in the regional transmission plan for purposes of cost allocation.³⁰³

193. With respect to Filing Parties' proposed reevaluation criteria, we note that Filing Parties have described the process that they will use to determine at which point a transmission project selected in the regional transmission plan is deemed "committed" and therefore may no longer trigger reevaluation. Filing Parties further describe the circumstances in which a non-committed transmission project may trigger reevaluation in subsequent planning cycles, as well as the terms under which a replacement or deferral transmission project may be deemed more cost-effective than the replaced transmission project.³⁰⁴ We find that the first and third conditions in Filing Parties' proposed list of the circumstances under which reevaluation will occur – i.e., if the transmission developer fails to meet its project development schedule such that the needs of the region will not be met, or the needs of the region change such that a project with an alternative location and/or configuration meets the needs of the region more efficiently and/or cost-effectively – comply with the requirements of Order No. 1000.

194. However, with respect to the second condition, Filing Parties propose to apply an 85 percent cost effectiveness threshold to alternative solutions that would address the needs of the region if the transmission developer fails to meet its project development schedule due to delays of governmental permitting agencies such that the needs of the region will not be met.³⁰⁵ We are concerned that application of this threshold could result

³⁰¹ For example, the relevant OATT provision is entitled "Reevaluation of Projects Selected in the Regional Transmission Plan." Also, the tariff language in that section is framed in terms of the Planning Committee's reevaluation of projects. *E.g.*, PacifiCorp OATT, Attachment K § 3.8.

³⁰² *See Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206, at P 253 (2013).

³⁰³ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329.

³⁰⁴ *E.g.*, PacifiCorp OATT, Attachment K § 3.8.

³⁰⁵ *E.g.*, *id.* Specifically, Filing Parties' OATTs provide that the Planning Committee will replace the transmission project with an alternative transmission project
(*continued . . .*)

in incumbent transmission providers' reliability needs or service obligations going unmet if an alternative solution fails to satisfy the threshold, a result that would be inconsistent with the requirements of Order No. 1000.³⁰⁶ Accordingly, we find that Filing Parties have failed to justify this proposed criterion as applied to the circumstances in which an incumbent transmission provider's reliability needs or service obligations would go unmet, and we direct Filing Parties to either submit, within 120 days of the date of issuance of this order, further compliance filings that provide justification for their proposal or amend their respective OATTs to eliminate the cost effectiveness threshold in these circumstances.³⁰⁷

if the total cost of the alternative transmission project, plus the costs incurred by the replaced or deferred transmission project while it was selected in the regional transmission plan, are equal to or less than 85 percent of the replaced or deferred transmission project's capital cost.

³⁰⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 329 (requiring that public utility transmission providers amend their OATTs to “describe the circumstances and procedures under which public utility transmission providers in the regional transmission planning process will reevaluate the regional transmission plan to determine if delays in the development of a transmission facility selected in a regional transmission plan for purposes of cost allocation require evaluation of alternative solutions, including those proposed by the incumbent transmission provider, to ensure the incumbent transmission provider can meet its reliability needs or service obligations”); *see also id.* (requiring that “an incumbent transmission provider must have the ability to propose solutions that it would implement within its retail distribution service territory or footprint that will enable it to meet its reliability needs or service obligations” if transmission project delays would affect the incumbent transmission provider's ability to fulfill its reliability needs or service obligations).

³⁰⁷ We also note a discrepancy between this second reevaluation criterion as described in Filing Parties' OATTs and the corresponding provisions in the Practice Document. While Filing Parties' OATTs propose to apply the 85 percent cost effectiveness threshold to alternative solutions considered in circumstances in which the transmission developer fails to meet its project development schedule due to delays of governmental permitting agencies such that the needs of the region will not be met, the Practice Document simply states that the Planning Committee may remove a transmission project that is delayed due to governmental permitting delays from the initial regional transmission plan. *Compare, e.g.,* PacifiCorp OATT, Attachment K § 3.8 *with* Practice Document § II.3.9. The Practice Document also states that if no alternative project is identified to timely meet the regional needs at issue, then the transmission

(*continued . . .*)

195. Finally, the Practice Document states that if a developer of a transmission project selected in the regional transmission plan for purposes of cost allocation no longer meets the qualification criteria in subsequent planning cycles, the transmission project may remain in the regional transmission plan, but will no longer be eligible for regional cost allocation.³⁰⁸ Filing Parties provide no justification for this proposal, nor do they propose procedures needed to implement it. For example, Filing Parties do not explain why a transmission project that has been selected in the regional transmission plan for purposes of cost allocation as a more efficient or cost-effective transmission solution to the transmission planning region's needs should no longer be eligible for regional cost allocation because its transmission developer no longer meets the qualification criteria. It is also unclear how the region would handle a situation in which the transmission developer is unable to develop the transmission project without regional cost allocation and, if so, whether an alternate transmission developer may be selected to develop the project or an alternative transmission solution may be identified. We therefore reject Filing Parties' proposal as unsupported. Moreover, Filing Parties have not incorporated this proposal in their OATTs, but instead only include it in the Practice Document.

f. **Cost Allocation for Transmission Projects Selected in the Regional Transmission Plan for Purposes of Cost Allocation**

196. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that provides that a nonincumbent transmission developer has an opportunity comparable to that of an incumbent transmission developer to allocate the cost of a transmission facility through a regional cost allocation method or methods.³⁰⁹ A nonincumbent transmission developer must have the same eligibility as an incumbent transmission developer to use a regional cost allocation method or methods for any sponsored transmission facility selected in the regional transmission plan for purposes of cost allocation.³¹⁰ If a transmission project is selected in a regional transmission plan for purposes of cost allocation, Order No. 1000 requires that the transmission developer of that transmission facility (whether incumbent or

project delayed due to governmental permitting delays could be reinstated into the regional transmission plan with its new in-service date.

³⁰⁸ Practice Document § II.3.10; *see also, e.g.*, PacifiCorp Transmittal Letter at 18.

³⁰⁹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 332.

³¹⁰ *Id.*

nonincumbent) must be able to rely on the relevant cost allocation method or methods within the region should it move forward with its transmission project.³¹¹

197. Order No. 1000 specifies that the regional transmission planning process could use a non-discriminatory competitive bidding process as the mechanism to ensure that all projects are eligible to be considered for selection in the regional transmission plan for purposes of cost allocation.³¹² A region may use or retain an existing mechanism that relies on a competitive solicitation to identify preferred solutions to regional transmission needs, and such an existing process may require little or no modification to comply with the framework adopted in Order No. 1000.³¹³ The regional transmission planning process could allow the sponsor of a transmission project selected in the regional transmission plan for purposes of cost allocation to use the regional cost allocation method associated with the transmission project.³¹⁴ If it uses a sponsorship model, the regional transmission planning process would also need to have a fair and not unduly discriminatory mechanism to grant to an incumbent transmission provider or nonincumbent transmission developer the right to use the regional cost allocation method for unsponsored transmission facilities selected in the regional transmission plan for purposes of cost allocation.³¹⁵

i. Filing Parties' Compliance Filing

198. Filing Parties state that their proposed cost allocation method treats all transmission developers on a comparable basis. As discussed above in section IV.B.2.b, a transmission developer that intends to submit its regional transmission project into NTTG's regional transmission planning process for cost allocation consideration must submit qualification data to the NTTG Planning and Cost Allocation Committees, and NTTG will use this information to determine if the transmission developer is eligible to submit its project for regional cost allocation.³¹⁶ Filing Parties state that NTTG will

³¹¹ *Id.* P 339.

³¹² *Id.* P 336.

³¹³ *Id.* P 321.

³¹⁴ *Id.* P 336.

³¹⁵ *Id.*

³¹⁶ *E.g.*, PacifiCorp Transmittal Letter at 21.

apply these criteria in a comparable, nondiscriminatory manner to both incumbent and nonincumbent transmission developers.³¹⁷

ii. Protests/Comments

199. No comments or protests were filed regarding this issue.

iii. Commission Determination

200. We find that the provisions in Filing Parties' compliance filings addressing the ability of a nonincumbent transmission developer to allocate the cost of a transmission facility through a regional cost allocation method or methods partially comply with the requirements of Order No. 1000. Filing Parties propose to adopt a sponsorship model, which is expressly permitted in Order No. 1000.³¹⁸ We therefore accept Filing Parties' proposal to adopt a sponsorship model.

201. However, we find that while Filing Parties have proposed a sponsorship model, as described in Order No. 1000, they have failed to propose a mechanism to grant to a transmission developer the right to use the regional cost allocation method for a more efficient or cost-effective transmission solution that results from the regional transmission planning process.³¹⁹ Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings that revise their respective OATTs to establish a fair and not unduly discriminatory mechanism that NNTG will use to grant a transmission developer the right to use the regional cost allocation method for such an unsponsored transmission facility.

3. Cost Allocation

202. Order No. 1000 requires each public utility transmission provider to have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.³²⁰ Each public utility transmission provider must show on compliance that its regional cost allocation method or methods are just and reasonable and not unduly discriminatory or preferential by demonstrating that each method satisfies six regional cost allocation principles

³¹⁷ *E.g., id.* at 22 (citing Practice Document § II.4.1.1).

³¹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 336.

³¹⁹ *Id.*

³²⁰ *Id.* P 558.

described in Order No. 1000.³²¹ The Commission took a principles-based approach because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.³²² In addition, Order No. 1000 permits participant funding, but not as a regional or interregional cost allocation method.³²³

203. If a public utility transmission provider is in an RTO or ISO, Order No. 1000 requires that the regional cost allocation method or methods be set forth in the RTO or ISO OATT. In a non-RTO/ISO transmission planning region, each public utility transmission provider located within the region must set forth in its OATT the same language regarding the cost allocation method or methods that is used in its transmission planning region.³²⁴ Each public utility transmission provider must have a regional cost allocation method for any transmission facility selected in a regional transmission plan for purposes of cost allocation.³²⁵

204. Regional Cost Allocation Principle 1 specifies that the cost of transmission facilities must be allocated to those within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits. Cost allocation methods must clearly and definitively specify the benefits and the class of beneficiaries.³²⁶ In determining the beneficiaries of transmission facilities, a regional transmission planning process may consider benefits including, but not limited to, the extent to which transmission facilities, individually or in the aggregate, provide for maintaining reliability and sharing reserves, production cost savings and congestion relief, and/or meeting Public Policy Requirements.³²⁷ Regional Cost Allocation Principle 1 precludes an allocation where the benefits received are trivial in relation to the costs to be borne.³²⁸

³²¹ *Id.* P 603.

³²² *Id.* P 604.

³²³ *Id.* P 723.

³²⁴ *Id.* P 558.

³²⁵ *Id.* P 690.

³²⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 678.

³²⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 622.

³²⁸ *Id.* P 639.

205. Order No. 1000 does not prescribe a particular definition of “benefits” or “beneficiaries.”³²⁹ The Commission stated in Order No. 1000-A that while Order No. 1000 does not define benefits and beneficiaries, it does require the public utility transmission providers in each transmission planning region to be definite about benefits and beneficiaries for purposes of their cost allocation methods.³³⁰ In addition, for a cost allocation method or methods to be accepted by the Commission as Order No. 1000-compliant, they will have to specify clearly and definitively the benefits and the class of beneficiaries.³³¹ A benefit used by public utility transmission providers in a regional cost allocation method or methods must be an identifiable benefit, and the transmission facility cost allocated must be roughly commensurate with that benefit.³³² Each regional transmission planning process must provide entities who will receive regional or interregional cost allocation an understanding of the identified benefits on which the cost allocation is based.³³³ The public utility transmission providers in a transmission planning region may propose a cost allocation method that considers the benefits and costs of a group of new transmission facilities, although there is no requirement to do so.³³⁴

206. The regional transmission plan must include a clear cost allocation method or methods that identify beneficiaries for each of the transmission facilities selected in a regional transmission plan for purposes of cost allocation.³³⁵ Order No. 1000-A stated that public utility transmission providers in each transmission planning region, in consultation with their stakeholders, may consider proposals to allocate costs directly to generators as beneficiaries that could be subject to regional or interregional cost allocation, but any such allocation must not be inconsistent with the generator interconnection process under Order No. 2003.³³⁶

³²⁹ *Id.* P 624.

³³⁰ Order No. 1000-A, 139 FERC ¶ 61,132 at P 679.

³³¹ *Id.* P 678.

³³² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 625.

³³³ Order No. 1000-A, 139 FERC ¶ 61,132 at P 746.

³³⁴ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 627, 641.

³³⁵ *Id.* P 11, *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 at P 585.

³³⁶ Order No. 1000-A, 139 FERC ¶ 61,132 at P 680.

207. Regional Cost Allocation Principle 2 specifies that those that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities.³³⁷ All cost allocation methods must provide for allocation of the entire prudently incurred cost of a transmission project to prevent stranded costs.³³⁸ To the extent that public utility transmission providers propose a cost allocation method or methods that consider the benefits and costs of a group of new transmission facilities and adequately support their proposal, Regional Cost Allocation Principle 2 would not require a showing that every individual transmission facility in the group of transmission facilities provides benefits to every beneficiary allocated a share of costs of that group of transmission facilities.³³⁹

208. The Commission clarified in Order No. 1000-A that public utility transmission providers may rely on scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities in the regional transmission plan for purposes of cost allocation. Regional Cost Allocation Principle 2 would be satisfied if a project or group of projects is shown to have benefits in one or more of the transmission planning scenarios identified by public utility transmission providers in their Commission-approved Order No. 1000-compliant cost allocation methods.³⁴⁰ The Commission clarified in Order No. 1000-B that it did not intend to remove the “likely future scenarios” concept from transmission planning and that likely future scenarios can be an important factor in public utility transmission providers’ consideration of transmission projects and in the identification of beneficiaries consistent with the cost causation principle.³⁴¹

209. Regional Cost Allocation Principle 3 specifies that if a benefit to cost threshold is used to determine which transmission facilities have sufficient net benefits to be selected in a regional transmission plan for the purpose of cost allocation, the threshold must not be so high that transmission facilities with significant positive net benefits are excluded from cost allocation. Public utility transmission providers may choose to use such a threshold to account for uncertainty in the calculation of benefits and costs. If adopted, such a threshold may not include a ratio of benefits to costs that exceeds 1.25 unless the

³³⁷ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 637.

³³⁸ *Id.* P 640.

³³⁹ *Id.* P 641.

³⁴⁰ Order No. 1000-A, 139 FERC ¶ 61,132 at P 690.

³⁴¹ Order No. 1000-B, 141 FERC ¶ 61,044 at P 72.

transmission planning region or public utility transmission provider justifies, and the Commission approves, a higher ratio.³⁴²

210. Regional Cost Allocation Principle 4 specifies that the allocation method for the cost of a transmission facility selected in a regional transmission plan for purposes of cost allocation must allocate costs solely within that transmission planning region unless another entity outside the region or another transmission planning region voluntarily agrees to assume a portion of those costs. However, the transmission planning process in the original region must identify consequences for other transmission planning regions, such as upgrades that may be required in another region and, if the original region agrees to bear costs associated with such upgrades, then the original region's cost allocation method or methods must include provisions for allocating the costs of the upgrades among the beneficiaries in the original region.³⁴³

211. Regional Cost Allocation Principle 5 specifies that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility must be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.³⁴⁴

212. Regional Cost Allocation Principle 6 specifies that a transmission planning region may choose to use a different cost allocation method for different types of transmission facilities in the regional transmission plan, such as transmission facilities needed for reliability, congestion relief, or to achieve Public Policy Requirements.³⁴⁵ If the public utility transmission providers choose to have a different cost allocation method for each type of transmission facility, there can be only one cost allocation method for each type.³⁴⁶ In addition, if public utility transmission providers choose to propose a different cost allocation method or methods for different types of transmission facilities, each method would have to be determined in advance for each type of facility.³⁴⁷ A regional cost allocation method for one type of regional transmission facility or for all regional transmission facilities may include voting requirements for identified beneficiaries to

³⁴² Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 646.

³⁴³ *Id.* P 657.

³⁴⁴ *Id.* P 668.

³⁴⁵ *Id.* P 685.

³⁴⁶ *Id.* P 686; *see also id.* P 560.

³⁴⁷ *Id.* P 560.

vote on proposed transmission facilities.³⁴⁸ However, the public utility transmission providers in a region may not designate a type of transmission facility that has no regional cost allocation method applied to it.³⁴⁹

a. Cost Allocation Principles

i. Filing Parties' Compliance Filings

213. Filing Parties' proposal provides that in order for a transmission project to be selected in the regional transmission plan for purposes of cost allocation, the project must: (1) either be proposed for such purpose by a pre-qualified transmission developer or be an unsponsored project identified in the regional transmission planning process; (2) be selected in the regional transmission plan; (3) have an estimated cost which exceeds the lesser of \$100 million or five percent of the transmission developer's net plant in service (as of the end of the calendar year prior to the submission of the project); and (4) have total estimated project benefits to regional entities (other than the transmission developer) that exceed \$10 million. Filing Parties propose that if the transmission project is unsponsored, the regional entity estimated to receive the largest share of the project benefits is considered the "transmission developer" for the sole purpose of determining whether the transmission project satisfies the minimum benefit threshold.³⁵⁰

214. Filing Parties state that for all transmission projects selected in the regional transmission plan for purposes of cost allocation, the NTTG Cost Allocation Committee will use, with input from stakeholders, benefit metrics to evaluate the transmission project's benefits and beneficiaries. Filing Parties' proposal provides that those benefit metrics will be set forth in the Biennial Study Plan and may include (but are not limited to): (1) change in annual capital-related costs; (2) change in energy losses; and (3) change in reserves. Filing Parties specify that each benefit metric is expressed as an annual change in costs (or revenue or other appropriate metric) and that the annual changes are discounted to a net present value for those years within the 10-year study period that the benefit or cost accrues.³⁵¹ Filing Parties propose to define a beneficiary as "any entity, including but not limited to transmission providers (both incumbent and [nonincumbent]), merchant developers, load serving entities, transmission customers or

³⁴⁸ *Id.* P 689.

³⁴⁹ *Id.* P 690.

³⁵⁰ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.1.

³⁵¹ *E.g.*, *id.* § 3.7.2.2.

generators that utilize the regional transmission system to transmit energy or provide other energy-related services.”³⁵²

215. Additionally, Filing Parties commit to further explore various metrics and tools, including a more robust production cost modeling-based metric, for capturing benefits for potential use in cost allocation. Filing Parties state that they will provide a report to the Commission by mid-2013 and will make any tariff changes regarding economic benefits for the cost allocation method prior to the start of the 2014 biennial transmission planning cycle.³⁵³

216. During quarters 1 and 2 of the biennial regional transmission planning process, Filing Parties provide that the NTTG Cost Allocation Committee will create allocation scenarios during regularly-scheduled meetings and with input from stakeholders. Filing Parties state that the variables in the allocation scenarios might include, but are not limited to, load levels by load-serving entity and geographic location, fuel prices, and fuel and resource availability.³⁵⁴ Filing Parties’ proposal provides that the resulting allocation scenarios become part of the Biennial Study Plan in quarter 2.³⁵⁵ Additionally, Filing Parties’ Practice Document provides that in each regional transmission planning cycle, to remain eligible for cost allocation, a transmission project and a transmission developer must continue to meet all data reporting and submission criteria. Filing Parties’ proposal states that the transmission developer may request an updated cost allocation assessment during quarter 1 of each regional transmission planning cycle. During quarter 2, the Cost Allocation Committee may initiate an updated cost allocation assessment for a transmission project if it believes regional conditions affecting cost allocation of a project have significantly changed.³⁵⁶

217. Filing Parties state that in quarter 6 of the regional transmission planning cycle, the Cost Allocation Committee will calculate the initial net benefits for each transmission project for each allocation scenario. Filing Parties specify that the net benefits of each scenario are the sum of the benefits across each benefit metric, and that the net benefits are calculated as both an overall total and a regional total, as well as by regional beneficiary. After the calculation of initial net benefits, the NTTG Cost Allocation

³⁵² *E.g., id.* § 1.1.

³⁵³ *E.g., PacifiCorp Transmittal Letter* at 9.

³⁵⁴ Practice Document § II.4.2.3.

³⁵⁵ *E.g., PacifiCorp OATT, Attachment K* § 3.7.2.3.

³⁵⁶ Practice Document § II.3.10.

Committee will remove those entities that do not receive any benefit from its further evaluation of the transmission project.³⁵⁷

218. Filing Parties state that each of the six regional cost allocation principles is satisfied with NTTG's approach to regional cost allocation. In support of their compliance with Regional Cost Allocation Principle 1, Filing Parties state that the cost allocation method includes three benefit metrics designed to quantify the benefits associated with a variety of functions that could be served by a transmission facility. Filing Parties explain that the first metric, change in annual capital-related costs, captures benefits related to both reliability and public policy requirements, and the other two metrics capture benefits related to economic projects.³⁵⁸

219. Filing Parties explain that before using the calculated benefits to allocate a transmission project's cost, the NTTG Cost Allocation Committee will adjust, as appropriate, the calculated initial net benefits for each beneficiary. First, the net benefits attributable to any beneficiary in a particular allocation scenario are capped at 150 percent of the average of the net benefits to that beneficiary across all allocation scenarios. Filing Parties state that application of this criterion serves to limit, but not entirely exclude, the effect of outlying benefit values calculated in particular allocation scenarios. Second, if the average of net benefits for all allocation scenarios is negative, the average net benefit is set to zero for that beneficiary. Filing Parties state that this ensures that a potential beneficiary that is negatively affected by a transmission project will not be allocated costs. Third, if the ratio of the standard deviation to the average net benefits across all allocation scenarios is greater than 1.0, the average net benefits to that beneficiary is set to zero. Filing Parties state that by preventing a beneficiary from being allocated costs based on excessively wide variation in benefits, NTTG is ensuring that benefits to an identified beneficiary are reasonably certain to occur. Finally, the costs allocated to an entity other than the transmission developer is limited such that the ratio of net benefits to allocated costs is no less than 1.1. Filing Parties state that this ensures that beneficiaries are not allocated costs that exceed actual benefits. Filing Parties assert that, collectively, these measures ensure that a beneficiary is allocated costs that are roughly commensurate with benefits.³⁵⁹ Additionally, Filing Parties' proposal provides that if a beneficiary other than the transmission developer has an allocated cost of less than \$2 million, the costs allocated to that beneficiary will be zero. Furthermore, Filing

³⁵⁷ *E.g.*, PacifiCorp Transmittal Letter at 26; PacifiCorp OATT, Attachment K § 3.7.2.4.

³⁵⁸ *E.g.*, PacifiCorp Transmittal Letter at 28.

³⁵⁹ *E.g.*, PacifiCorp Transmittal Letter at 28-29; *see also, e.g.*, PacifiCorp OATT, Attachment K § 3.7.2.4.

Parties' proposal provides that after the allocation of costs to beneficiaries, the transmission developer will be responsible for any remaining project costs.³⁶⁰ Alternatively, Filing Parties' proposal provides that, for those projects included in the regional transmission plan, costs can be allocated through participant funding at the transmission developer's election.³⁶¹

220. In support of their compliance with Regional Cost Allocation Principle 2, Filing Parties state that the cost allocation method ensures that non-beneficiaries are not involuntarily allocated costs associated with transmission facilities that qualify for cost allocation. Filing Parties explain that after quantifying the benefits associated with a project using the benefit metrics and allocation scenarios, the NTTG Cost Allocation Committee initially identifies as beneficiaries, all those entities that may be affected by the proposed project. Entities that do not receive a benefit from the proposed project are removed from consideration. Further, Filing Parties state that if the average of the adjusted net benefits across all allocation scenarios is negative for a beneficiary, that beneficiary will not be allocated any costs associated with the proposed project. Likewise, those beneficiaries who experience wide variations across multiple allocation scenarios are assigned zero benefits and are not allocated any project costs.³⁶²

221. In support of their compliance with Regional Cost Allocation Principle 3, Filing Parties state that they have not adopted a benefit to cost threshold ratio to determine which transmission projects may be selected in a regional transmission plan for purposes of cost allocation.³⁶³ Instead, Filing Parties propose to use certain minimum requirements for both the costs and benefits associated with a project.³⁶⁴

222. Additionally, Filing Parties state that when allocating costs to beneficiaries, their proposal requires that the ratio of adjusted net benefits to allocated costs be no less than

³⁶⁰ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.4.

³⁶¹ *E.g.*, *id.* § 3.7.

³⁶² *E.g.*, PacifiCorp Transmittal Letter at 29.

³⁶³ *E.g.*, *id.* at 30.

³⁶⁴ Specifically, to be selected for cost allocation a transmission project must: (1) have an estimated cost which exceeds the lesser of: (a) \$100 million, or (b) five percent of the transmission developer's net plant in service (as of the end of the calendar year prior to the submission of the project); and (2) have total estimated project benefits to regional entities (other than the transmission developer) that exceed \$10 million. *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.1.

1.1. Filing Parties assert that this ensures that non-sponsors of a project are allocated costs no greater than expected benefits, with a margin of safety, given that there are likely additional benefits received by the transmission developer (e.g., related to resource planning, surplus transmission capacity to be marketed in the future, etc.) that are not captured by the regional benefit metrics.³⁶⁵

223. In support of their compliance with Regional Cost Allocation Principle 4, Filing Parties assert that their definition of beneficiary limits beneficiaries to those entities that use the NTTG regional transmission system. Furthermore, Filing Parties state that an entity that is located outside the NTTG footprint that benefits from a regional transmission project would initially be treated the same as a regional entity for purposes of cost allocation. However, Filing Parties state that they would request that a non-regional beneficiary voluntarily accept an allocation of costs based upon the estimated mean benefits, and if the non-regional beneficiary does not agree to voluntary cost allocation, Filing Parties would allocate those costs to the transmission developer.³⁶⁶

224. In support of their compliance with Regional Cost Allocation Principle 5, Filing Parties assert that their proposal has identified the benefit metrics to be applied to transmission projects selected for regional cost allocation and the methodology used to quantify project benefits and allocate costs to beneficiaries based upon certain allocation scenarios. Additionally, Filing Parties state that for purposes of cost allocation, the Biennial Study Plan describes the processes for: (1) determining that a project meets the qualification criteria to be selected in the regional transmission plan for purposes of cost allocation; (2) if there is a transmission developer, determining whether that developer meets the qualification criteria to propose a project for cost allocation; (3) developing scenarios to be used for cost allocation; (4) calculating the benefits accruing to regional beneficiaries associated with selected benefit metrics; and (5) applying the net benefits estimated for regional beneficiaries to allocate all of the cost of a project selected for cost allocation. According to Filing Parties, the Biennial Study Plan will be posted on each Filing Party's OASIS, and will allow a stakeholder to determine how the cost allocation method and data requirements for determining benefits and identifying beneficiaries were applied to a proposed project.³⁶⁷

225. In support of their compliance with Regional Cost Allocation Principle 6, Filing Parties state that their proposal adopts one cost allocation method that applies to all types of transmission facilities in the regional transmission plan. Filing Parties explain that, as

³⁶⁵ *E.g.*, PacifiCorp Transmittal Letter at 30.

³⁶⁶ *E.g.*, *id.* at 31.

³⁶⁷ *E.g.*, *id.*

part of this method, and in recognition that a transmission facility can serve several functions, their proposal identifies several benefit metrics that will take the benefits of those functions into account in allocating costs to beneficiaries. Filing Parties provide, for example, the benefits of a transmission project that displaces locally planned facilities designed to meet reliability standards or public policy requirements are measured by reductions in annual capital and operating costs to the transmission provider who needed and planned the displaced projects.³⁶⁸

ii. Protests/Comments

226. State Members filed comments in support of the compliance filings.³⁶⁹ They argue that the cost allocation process is a reasonable approach to accommodating the uncertainty in projecting benefits and their distribution while satisfying the roughly commensurate test and the requirements of Order No. 1000.³⁷⁰

227. In its reply comments, Utah Industrial Energy Consumers assert that State Members have no interest in seeing a competitive market develop for transmission in the west, and that with no supporting evidence, State Members discarded Regional Transmission Organization/Independent System Operator-proven methods out-of-hand. Utah Industrial Energy Consumers claim that State Members have ignored the potential conflicts and antitrust issues that will likely arise from the proposed method.³⁷¹

228. Additionally, in its reply comments, Utah Industrial Energy Consumers assert that Order No. 1000 makes it clear that voluntary agreement to allocation of costs is only applicable where NTTG allocates costs to an entity in a different transmission planning region, not in instances where NTTG allocates costs to a non-member within the NTTG transmission planning region. Therefore, according to Utah Industrial Energy Consumers, those in the NTTG region who receive any non-trivial benefits must be allocated costs.³⁷²

³⁶⁸ *E.g., id.* at 32.

³⁶⁹ Montana Public Service Commission, Montana Consumer Counsel, Utah Public Service Commission, Utah Office of Consumer Services, Wyoming Public Service Commission and Wyoming Office of Consumer Advocate (State Members) Comments at 3.

³⁷⁰ *Id.* at 5-7.

³⁷¹ Utah Industrial Energy Consumers Reply Comments at 2.

³⁷² *Id.* at 4.

229. According to AWEA, Filing Parties do not justify the proposed adjustment criteria that are applied to the initial calculation of net benefits or offer examples to illustrate how the adjustments impact benefits. AWEA fears that these adjustments, when aggregated, may be excessive and allocate lower costs to non-sponsoring beneficiaries than the expected benefits they will receive. AWEA questions whether the expected benefits from regional transmission projects will be so limited that they may not exceed costs. Regarding adjustment criteria 3, AWEA questions whether allocated costs would be set to zero if benefit analyses result in a wide range of benefit levels that are all positive. In regard to Filing Parties' proposal not to allocate costs to a beneficiary other than the transmission developer if it has an allocated cost of less than \$2 million, AWEA questions whether several small allocations under \$2 million could add up to large amounts that should not be eliminated altogether due to an administrative burden. In addition, AWEA questions whether Filing Parties' proposal that beneficiaries other than the transmission developer will only be allocated costs such that the ratio of adjusted net benefits to allocated costs is no less than 1.1 might result in a benefit to cost ratio above the Commission's maximum threshold, 1.25, because potential reductions in benefits are made prior to the evaluation of the benefit to cost ratio. AWEA also objects to Filing Parties' statement that the benefits not captured in regional metrics likely accrue primarily to the transmission developer. AWEA asserts that this statement is unsupported, and that unidentified benefits are more likely to accrue to multiple parties in the transmission planning region than the transmission developer. In sum, AWEA asserts that the combined result of the adjustments could result in a cost allocation method in which costs are not allocated reasonably commensurate with benefits.³⁷³

230. Utah Industrial Energy Consumers argue that PacifiCorp's definition of beneficiary is too narrow and that it should be expanded to include transmission customers that do not provide energy-related services. They assert that without this change, PacifiCorp will continue to allocate costs to all six of its retail jurisdictions across the states of Idaho, Utah, Wyoming, and Oregon for transmission built to serve the renewable portfolio standards of Oregon. Instead, Utah Industrial Energy Consumers believe that the allocation of costs to PacifiCorp as the load-serving entity must be made in a way to make it clear that PacifiCorp would be serving Oregon public policies and therefore may not allocate those costs to its customers to the east who do not benefit.³⁷⁴

231. Additionally, AWEA argues that, given that transmission lines are typically expected to be in service for at least 40 years, using the first ten years of a project's life to determine benefits and beneficiaries will not ensure the just and reasonable allocation of costs to beneficiaries. Moreover, AWEA asserts that the benefits from these facilities

³⁷³ AWEA Comments at 26-27.

³⁷⁴ Utah Industrial Energy Consumers Comments at 7-8.

often increase over time. In light of these assertions, AWEA suggests that costs and benefits should be calculated over a minimum of 20 years of the project's life, and ideally over the first 40 years of a project's life.³⁷⁵

232. AWEA expresses concern regarding the proposal for including the consideration of benefits related to likely future scenarios. It states that it is unclear if the proposal to develop a set of future scenarios related to a proposed transmission project will be applied comparably to all projects being considered for regional cost allocation or on a project-by-project basis. Furthermore, AWEA contends that if benefits are evaluated using different future scenarios for each project, the approach is in violation of Order No. 1000's requirement that cost allocation not be implemented on a case-by-case basis. For the aforementioned reasons, AWEA requests that Filing Parties identify a reasonably expected set of futures for each transmission planning cycle applied to the whole transmission planning region and evaluate costs and benefits for each project relative to this global set of futures.³⁷⁶

233. PPL Companies, Western Independent Transmission Group, and AWEA request that Filing Parties be directed to provide more detail to comply with Regional Cost Allocation Principle 5. PPL Companies assert that the proposed tariff revisions do not commit to using any specific benefit metrics; rather, it lists benefit metrics that NTTG may use in determining cost allocation. They contend that without a set list of benefit metrics to be applied consistently year-to-year or project-to-project, stakeholders cannot know ahead of time whether they will be determined to be beneficiaries of a particular transmission project. PPL Companies claim that under the proposal, the method applied to any project will vary, resulting in a project-by-project cost allocation method.³⁷⁷ Further, Western Independent Transmission Group contends that NTTG must include economic cost savings over the life of a project as a component of expected project benefits and also states that the tariff language must include the specific rules that set forth the metrics that will be used to evaluate proposed transmission solutions for regional cost allocation.³⁷⁸

234. AWEA claims that the proposed benefit metrics are too limited, asserting that while it is appropriate to include changes in annual capital-related costs, changes in energy losses, and changes in reserves, additional benefits must be considered if costs are

³⁷⁵ AWEA Comments at 27-28.

³⁷⁶ *Id.* at 28-29.

³⁷⁷ PPL Companies Protest at 16-17.

³⁷⁸ Western Independent Transmission Group Comments at 6-7.

to be allocated in a manner commensurate with benefits. AWEA states that Filing Parties considered including a variety of potential benefit metrics in their cost allocation approach (adjusted production cost, improvement in reliability, etc.), but that they did not include this full list in their proposal due to stakeholders' concerns about the uncertainty and potential duplication of some of the metrics. AWEA asks the Commission to require further evaluation of these metrics in addition to metrics that were not included originally.³⁷⁹

235. AWEA argues that Filing Parties must develop a clear methodology for evaluating the potential economic benefits of a regional transmission project. Specifically, AWEA states that Filing Parties should develop a metric that measures “the total reduced costs of energy delivery to customers based on increased access to low cost resources due to reduced congestion and increased transfer capability.”³⁸⁰ Furthermore, AWEA believes that there may be additional reliability and public policy benefits that are not reflected in NTTG's evaluation of avoided costs of local transmission projects when a regional transmission project provides a more cost-effective solution.³⁸¹

236. Western Independent Transmission Group argues that independent transmission developers may be unfairly disadvantaged in meeting the cost-benefit ratio if NTTG considers in its cost calculations those charges attributable to local distribution facilities not directly related to the development of regional transmission facilities (e.g., stranded costs).³⁸² Accordingly, it seeks clarification that costs attributable to distribution facilities cannot contribute to meeting the cost threshold.³⁸³

237. AWEA believes that Filing Parties' proposal allowing for the updating of the cost allocation assessment in quarter 2 for a transmission project that has been selected in a regional transmission plan creates uncertainty and exposes cost recovery to risk if the whole formula can be reexamined.³⁸⁴

³⁷⁹ AWEA Comments at 22-24.

³⁸⁰ *Id.* at 24.

³⁸¹ *Id.*

³⁸² Western Independent Transmission Group Comments at 6.

³⁸³ *Id.* at 7.

³⁸⁴ AWEA Comments at 29.

iii. Commission Determination

238. We find that Filing Parties' compliance filings partially comply with the Regional Cost Allocation Principles of Order No. 1000. Generally, Filing Parties meet the Order No. 1000 requirement that each public utility transmission provider have in place a method, or set of methods, for allocating the costs of new transmission facilities selected in the regional transmission plan for purposes of cost allocation.³⁸⁵ However, to fully comply with the cost allocation requirements of Order No. 1000 certain aspects of the proposed cost allocation method must be modified. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings, as discussed below.

239. In Order No. 1000, the Commission adopted a principles-based approach to cost allocation for transmission projects selected in the regional transmission plan for purposes of cost allocation because it recognized that regional differences may warrant distinctions in cost allocation methods among transmission planning regions.³⁸⁶ Filing Parties propose a single regional cost allocation method for allocating the costs of transmission facilities selected in a regional transmission plan for purposes of cost allocation.³⁸⁷ Specifically, Filing Parties propose to evaluate a proposed transmission project's benefits and beneficiaries using benefit metrics that will be set forth in the Biennial Study Plan, which may include (but are not limited to): (1) change in annual capital-related costs; (2) change in energy losses; and (3) change in reserves.³⁸⁸

240. First, we find that Filing Parties' proposed regional cost allocation method for transmission projects selected in the regional transmission plan for purposes of cost allocation partially complies with Regional Cost Allocation Principle 1. Subject to resolution of our concerns discussed below in paragraphs 260-262, we find that Filing Parties' proposal to identify beneficiaries and measure benefits of a transmission facility selected in the regional transmission plan based on the resulting change in energy losses and change in reserves complies with Regional Cost Allocation Principle 1. By measuring the changes in energy losses and reserves that result from the addition of a transmission facility selected in the regional transmission plan for purposes of cost allocation and identifying those who benefit from those changes, Filing Parties' proposed regional cost allocation method appropriately reflects the beneficiaries and quantifies the

³⁸⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558.

³⁸⁶ *Id.* P 604.

³⁸⁷ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.

³⁸⁸ *E.g.*, *id.* § 3.7.2.2.

benefits of such transmission projects. Reductions in energy losses and reserve requirements result in measurable cost savings that represent a reasonable approximation of some of the identifiable benefits that a transmission facility selected in the regional transmission plan for purposes of cost allocation may provide. Thus, we conclude that Filing Parties' proposal to use the change in energy losses and the change in reserves as benefit metrics in their regional cost allocation method will allocate the costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation in a manner that is at least roughly commensurate with the benefits it provides.

241. With respect to Filing Parties' proposal to identify the beneficiaries and measure the benefits of a transmission facility selected in the regional transmission plan for purposes of cost allocation based on the resulting change in annual capital-related costs, Filing Parties have not defined annual capital-related costs such that the Commission can determine whether this benefit metric complies with Regional Cost Allocation Principle 1. We therefore require Filing Parties, in the further compliance filings directed below, to describe this proposed benefit metric in greater detail in their OATTs and to explain how it allocates the costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation in a manner that is at least roughly commensurate with the benefits that facility provides.³⁸⁹

242. In response to AWEA's argument that Filing Parties' proposed metrics for identifying beneficiaries and measuring benefits are too limited, we will not require Filing Parties to develop a further metric to quantify the benefits of transmission projects. In defining benefits, Order No. 1000-A clarified that "the Commission is allowing flexibility to accommodate a variety of approaches which can better advance the goals of Order No. 1000, recognizing that regional differences may warrant distinctions in cost allocation method or methods."³⁹⁰ We find Filing Parties' proposed benefit metrics reasonable, subject to Filing Parties' justification of annual capital-related costs. We also note that Filing Parties commit in their compliance filings to further explore various

³⁸⁹ To the extent that Filing Parties intend the change in annual capital-related costs to be analogous to avoided costs (i.e., measurement of benefits as the costs of transmission facilities included in a local transmission plan that are displaced by a regional transmission facility selected in the regional transmission plan for purposes of cost allocation and identification of beneficiaries as those who would have otherwise had to pay for the displaced local transmission facilities), we note that the Commission has found that avoided costs may only be used as a benefit metric in specific instances. *Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206 at PP 311-312; *NorthWestern Corp.*, 143 FERC ¶ 61,056, at PP 156-162 (2013); *South Carolina Elec. & Gas Co.*, 143 FERC ¶ 61,058, at PP 225-232 (2013).

³⁹⁰ Order No. 1000-A, 139 FERC ¶ 61,132 at P 678.

metrics and tools, including a production cost modeling-based metric, for capturing benefits, and to provide a report to the Commission by mid-2013.³⁹¹ We accept Filing Parties' commitment and encourage Filing Parties to continue to explore additional metrics and tools for capturing benefits.

243. Filing Parties' proposal to allocate the costs of transmission projects selected in the regional transmission plan for purposes of cost allocation to beneficiaries in proportion to the value of the adjusted net benefits that they receive from a transmission project complies with Regional Cost Allocation Principle 1. However, we find that some aspects of the manner in which Filing Parties adjust the net benefits used in calculating the proportions do not comply with Regional Cost Allocation Principle 1, as discussed below.

244. To arrive at the adjusted net benefits, Filing Parties propose to adjust the initial net benefits for a regional beneficiary using the following criteria:

- (1) The net benefits attributed in any scenario are capped at 150 percent of the average of the unadjusted net benefits across all allocation scenarios;
- (2) If the average of the net benefits, as adjusted by (1) above, across the allocation scenarios is negative, the average net benefit to that beneficiary is set to zero; and
- (3) Based on the net benefits, as adjusted by (1) and (2) above, across the allocation scenarios, if the ratio of the standard deviation to the average is greater than 1.0, the average net benefit to that beneficiary is set to zero.

Filing Parties then propose that each of these adjustments is applied to each regional beneficiary independent of other beneficiaries. Next, Filing Parties propose that beneficiaries other than the transmission developer will only be allocated costs such that the ratio of adjusted net benefits to allocated costs is no less than 1.1.³⁹²

245. We share AWEA's concern that Filing Parties' proposed adjustments may result in an allocation of costs that is not roughly commensurate with estimated benefits. Specifically, we are not convinced that Filing Parties' proposal to cap the net benefits attributed in any scenario at 150 percent of the average of the unadjusted net benefits across all allocation scenarios will result in an allocation of costs that is roughly commensurate with benefits received. Filing Parties provide no justification to explain

³⁹¹ *E.g.*, PacifiCorp Transmittal Letter at 9.

³⁹² *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.4.

why positive outlying benefit value(s) are subject to a cap while negative outlying benefit value(s) are not. Imposing a cap on positive outlying benefits but not on negative outlying benefits increases the likelihood that the adjusted average net benefits across the allocation scenarios will be negative such that the average net benefit to that beneficiary is set to zero and that the benefit to cost ratio for beneficiaries other than the transmission developer will be less than 1.1. We find that limiting expected benefits in this manner does not result in an allocation of costs that is roughly commensurate with benefits received. Therefore, absent justification, we reject the provision to cap net benefits at 150 percent of the average of the unadjusted net benefits across all allocation scenarios.

246. Because we reject Filing Parties' 150 percent cap on net benefits, as discussed above, we direct Filing Parties to, on compliance, provide justification regarding why Filing Parties' proposal to set the average net benefit to a beneficiary to zero: (1) if the average of the net benefits across the allocation scenarios is negative; and (2) if the ratio of the standard deviation to the average of the net benefits across the allocation scenarios is greater than 1.0 results in a cost allocation method that complies with the Regional Cost Allocation Principles of Order No. 1000. We require this justification because, as proposed, these adjustments to the net benefits for each beneficiary rely on the results of the application of the cap of the net benefits attributed in any scenario at 150 percent of the average of the unadjusted net benefits across all allocation scenarios.

247. Moreover, we share AWEA's concern that under Filing Parties' proposal, the average net benefits to a beneficiary would be set to zero such that the beneficiary would not be allocated costs if the ratio of the standard deviation to the average of the net benefits across the allocation scenarios is greater than 1.0, even if the average net benefits are always positive. We conclude that such a result does not allocate costs in a manner that is at least roughly commensurate with benefits because an identified beneficiary with positive net benefits in all scenarios would not be allocated any costs. In the instance that a beneficiary receives benefits under every allocation scenario, that beneficiary must be allocated costs in order for costs to be allocated roughly commensurate with benefits. Therefore, we require Filing Parties to justify, in the further compliance filings directed below, how their proposal to set the average net benefit to a beneficiary to zero if the ratio of the standard deviation to the average of the net benefits across the allocation scenarios is greater than 1.0 will be applied if the entire range of benefits is positive.

248. Filing Parties also propose that if a beneficiary other than the transmission developer would be allocated less than \$2 million in costs, that beneficiary will not be allocated any costs. Additionally, Filing Parties' proposal provides that after the allocation of costs to beneficiaries, the transmission developer will be responsible for any remaining transmission project costs.³⁹³ We find that excluding from cost allocation

³⁹³ *E.g., id.*

beneficiaries that receive *de minimis* benefits from a transmission facility selected in the regional transmission plan for purposes of cost allocation would allocate costs in a manner that is at least roughly commensurate with estimated benefits.³⁹⁴ However, Filing Parties do not explain how the costs that would otherwise be assigned to an identified beneficiary allocated less than \$2 million will be allocated, and there is some indication that such costs might be assigned directly to the transmission developer, who will be responsible for any remaining costs after the beneficiaries other than the transmission developer have been allocated costs such that each beneficiary's ratio of adjusted net benefits to allocated costs is no less than 1.1. Without a clear mechanism to allocate the costs that would otherwise be assigned to an identified beneficiary allocated less than \$2 million in costs, these costs might not be allocated.³⁹⁵ Therefore, Filing Parties must describe in the further compliance filings discussed below how these costs will be allocated. We note that to the extent that Filing Parties intend to allocate these costs solely to the transmission developer, such an allocation would not comply with Regional Cost Allocation Principle 1 because it would not allocate costs among *beneficiaries* in a manner that is at least roughly commensurate with estimated benefits.

249. With respect to Filing Parties' proposal to allocate the costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation such that the ratio of adjusted net benefits to allocated costs for beneficiaries other than the transmission developer is no less than 1.1, we understand this proposal to have two aspects. First, if all the costs of a transmission project can be allocated to the identified beneficiaries such that each beneficiary's benefit to cost ratio is no less than 1.1, then the transmission project's costs will be allocated among only the identified beneficiaries. In this case, the transmission developer, if it is an identified beneficiary, will also be allocated costs such that its benefit to cost ratio is 1.1 or greater. This aspect of the proposal complies with Regional Cost Allocation Principle 1 because it allocates costs roughly commensurate with estimated benefits.

250. Second, if additional costs remain after the costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation have been allocated such that the benefit to cost ratio for each beneficiary besides the transmission developer is no less than 1.1, we understand Filing Parties' proposal to allow the transmission developer to voluntarily bear any remaining unallocated costs. Our understanding of Filing Parties' proposal is that, in this instance, a transmission project's costs would be allocated to beneficiaries such that each beneficiary's individual benefit to cost ratio would not fall below the established 1.1 threshold. If any costs remain unallocated after each

³⁹⁴ See, e.g., Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 639; *Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61, 206 at P 315.

³⁹⁵ See, e.g., *Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206 at P 315.

beneficiary's individual benefit to cost ratio has reached 1.1, those costs become the responsibility of the transmission developer, who may voluntarily agree to bear those costs.³⁹⁶ We find that this aspect of the proposal may allow transmission projects to receive regional cost allocation that they otherwise would not if Filing Parties proposed to strictly apply a benefit to cost ratio without granting a transmission developer the opportunity to bear those costs. While Filing Parties could have proposed to deny a transmission project access to the regional cost allocation method for any portion of its costs if the transmission project did not satisfy the benefit to cost ratio, Filing Parties have instead provided greater flexibility, allowing the costs associated with regional benefits to be allocated pursuant to the regional cost allocation method and any remaining costs to be borne by the transmission developer. This proposal thus allows transmission developers, if they so choose, to pursue their proposed transmission projects and receive regional cost allocation for a portion of the project. Therefore, we accept this aspect of Filing Parties' proposal.³⁹⁷

251. In response to Utah Industrial Energy Consumers' argument that PacifiCorp's definition of beneficiary is too narrow, we note that Order No. 1000 did not prescribe a particular definition of "beneficiaries."³⁹⁸ We find that Filing Parties' proposed definition of a beneficiary as "any entity, including but not limited to transmission providers (both incumbent and [nonincumbent]), merchant developers, load serving entities, transmission customers or generators that utilize the regional transmission system to transmit energy or provide other energy-related services"³⁹⁹ requires no change. Furthermore, while the Commission stated that, to the extent that cost recovery provisions are considered in connection with a cost allocation method or methods for a regional or interregional transmission facility, public utility transmission providers may

³⁹⁶ The voluntary nature arises because the transmission developer may, or may not, elect to pursue the transmission project after becoming responsible for costs that if assigned to each beneficiary would result in their benefit to cost ratio falling below 1.1.

³⁹⁷ Allocating costs to beneficiaries such that each beneficiary's benefit to cost ratio is no less than 1.1 ensures that a regional transmission project's costs are allocated among beneficiaries in a manner that is at least roughly commensurate with estimated benefits, in part, because costs for each beneficiary won't outweigh estimated benefits. However, costs are not being allocated roughly commensurate with benefits in the instance where costs associated with *de minimis* benefits (i.e., less than 2 million in costs) are allocated to the transmission developer when the costs can be allocated among beneficiaries such that each beneficiary's benefit to cost ratio is no less than 1.1.

³⁹⁸ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 624.

³⁹⁹ *E.g.*, PacifiCorp OATT, Attachment K § 1.1.

include cost recovery provisions in their compliance filings,⁴⁰⁰ Filing Parties did not include cost recovery provisions in their compliance filings. Therefore, we dismiss the comments concerning how PacifiCorp recovers any costs allocated to it as a result of the regional transmission planning process because the comments are outside of the scope of the instant proceeding.

252. Similarly, regarding AWEA's request that costs and benefits should be calculated over a minimum 20 years of a transmission project's life, and ideally over the first 40 years of a transmission project's life, we note that Order No. 1000 allowed flexibility in calculating a transmission project's cost and benefits and did not prescribe a particular method for doing so.⁴⁰¹ We find it reasonable for Filing Parties to use a 10-year timeframe, consistent with Filing Parties' use of a 10-year planning horizon.

253. While we acknowledge AWEA's concern that Filing Parties' proposal to allow for an updated assessment in quarter 2 for a transmission project that has been selected in a regional transmission plan for purposes of cost allocation will create uncertainty for the transmission developer, on balance, we find that it complies with Order No. 1000. If the conditions affecting cost allocation of a proposed transmission facility significantly change, we conclude that it is reasonable for the transmission planning region to reexamine how the costs of that facility are allocated to ensure that such allocation is at least roughly commensurate with benefits. While this creates some uncertainty for the transmission developer, absent such reassessment, customers might be allocated costs associated with a proposed transmission facility in a manner that is not roughly commensurate with the benefits that facility provides. We direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings to include in their OATTs descriptions of both the reassessment process and, to provide greater transparency to transmission developers, the specific conditions under which the cost allocation of a transmission facility selected in the regional transmission plan for purposes of cost allocation will be reassessed.

254. Filing Parties must also submit, within 120 days of the date of issuance of this order, further compliance filings to: (1) describe their proposed annual capital-related costs benefit metric in greater detail in their OATTs and to explain how this benefit metric allocates the costs of a transmission facility selected in the regional transmission plan for purposes of cost allocation in a manner that is at least roughly commensurate with the benefits that transmission facility provides; (2) remove from their OATTs the provision that would cap net benefits at 150 percent of the average of the unadjusted net benefits across all allocation scenarios; (3) provide justification regarding why, absent the

⁴⁰⁰ Order No. 1000-A, 139 FERC ¶ 61,132 at P 616.

⁴⁰¹ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 604.

150 percent cap on net benefits, Filing Parties' proposal to set the average net benefit to a beneficiary to zero: (a) if the average of the net benefits across the allocation scenarios is negative; and (b) if the ratio of the standard deviation to the average of the net benefits across the allocation scenarios is greater than 1.0 results in a cost allocation method that complies with the Regional Cost Allocation Principles of Order No. 1000; (4) justify how their proposal to set the average net benefit to a beneficiary to zero if the ratio of the standard deviation to the average of the net benefits across the allocation scenarios is greater than 1.0 will be applied if the entire range of benefits is positive; and (5) explain how the costs that would otherwise be assigned to an identified beneficiary allocated less than \$2 million will be allocated.

255. With respect to Regional Cost Allocation Principle 2, we find that Filing Parties' proposed regional cost allocation method complies with Order No. 1000. Under Filing Parties' proposed regional cost allocation method, those that receive no benefit from transmission facilities, either at present or in a likely future scenario, are not involuntarily allocated any of the costs of such transmission facilities.⁴⁰² Accordingly, we conclude that Filing Parties' proposal appropriately addresses Cost Allocation Principle 2.

256. We disagree with AWEA's assertion that it is unclear whether the proposal to develop a set of future scenarios related to a proposed transmission project will be applied comparably to all transmission projects being considered for selection in the regional transmission plan for purposes of cost allocation. We understand Filing Parties' proposal to apply the same allocation scenarios to all transmission projects that are considered for selection in the regional transmission plan for the purposes of cost allocation in a given transmission planning cycle, and not to apply different allocation scenarios to each proposed transmission project. With this understanding, we find that Filing Parties' proposal to use future scenarios complies with Regional Cost Allocation Principle 2, which, as clarified in Order No. 1000-A, expressly permits the use of scenario analyses in the preparation of a regional transmission plan and the selection of new transmission facilities in the regional transmission plan for purposes of cost allocation.⁴⁰³ However, due to its importance in calculating transmission project benefits, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings to include in their OATTs a description of an allocation scenario.

257. Further, we find that Filing Parties' proposed regional cost allocation method complies with Regional Cost Allocation Principle 3, which requires that if adopted, a

⁴⁰² *E.g.*, PacifiCorp Transmittal Letter at 29; *see also, e.g.*, PacifiCorp OATT, Attachment K § 3.7.2.4.

⁴⁰³ Order No. 1000-A, 139 FERC ¶ 61,132 at P 690.

benefit to cost threshold may not include a ratio of benefits to costs that exceeds 1.25. Filing Parties propose to allocate costs to beneficiaries other than the transmission developer such that the ratio of adjusted net benefits to allocated costs is no less than 1.1. With the modifications ordered herein to Filing Parties' proposed adjustment criteria for determining benefits and costs of a transmission project under consideration for selection in the regional transmission plan for purposes of cost allocation, we find that AWEA's concerns regarding the benefit to cost ratio have been addressed.

258. Filing Parties state that they will not involuntarily allocate costs of a transmission project selected in the regional transmission plan for purposes of cost allocation to beneficiaries located outside the NTTG transmission planning region, but instead that NTTG would request that a non-regional beneficiary voluntarily assumes costs, consistent with Regional Cost Allocation Principle 4.⁴⁰⁴ However, Filing Parties' proposal to allocate those costs to the transmission developer if the non-regional beneficiary declines to accept the allocation of costs does not comply with Regional Cost Allocation Principle 1. Specifically, such an allocation would not comply with Regional Cost Allocation Principle 1 because it would not allocate these costs among all of the beneficiaries within the transmission planning region in a manner that is at least roughly commensurate with estimated benefits, but rather would allocate these costs solely to the transmission developer. Accordingly, we reject Filing Parties' proposal to allocate solely to the transmission developer the costs that a non-regional beneficiary is asked to bear voluntarily if that non-regional beneficiary declines to do so.

259. Additionally, while Filing Parties' proposal addresses the benefits that a transmission facility selected in the regional transmission plan for purposes of cost allocation provides to entities outside of the NTTG transmission planning region, Filing Parties' proposed OATT revisions do not comply with the Regional Cost Allocation Principle 4 requirement that the regional transmission planning process identify the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation for other transmission planning regions, such as upgrades that might be required in another region. Filing Parties also do not address whether the NTTG transmission planning region has agreed to bear the costs associated with any required upgrades in another transmission planning region or, if so, how such costs will be allocated within the NTTG transmission planning region. We therefore direct Filing Parties to submit further compliance filings, within 120 days of the date of issuance of this order, revising their respective OATTs to provide for identification of the consequences of a transmission facility selected in the regional transmission plan for purposes of cost allocation. Filing Parties must also address in the further compliance filings whether the NTTG transmission planning region has agreed to bear the costs

⁴⁰⁴ *E.g.*, PacifiCorp Transmittal Letter at 31.

associated with any required upgrades in another transmission planning region and, if so, how such costs will be allocated within the NTTG transmission planning region.

260. Regional Cost Allocation Principle 5 requires that the cost allocation method and data requirements for determining benefits and identifying beneficiaries for a transmission facility be transparent with adequate documentation to allow a stakeholder to determine how they were applied to a proposed transmission facility.⁴⁰⁵ As discussed below, we find that Filing Parties' proposed regional cost allocation method partially complies with this principle.

261. We agree with PPL Companies, Western Independent Transmission Group, and AWEA that greater detail concerning how benefits will be measured is necessary for the proposal to comply with Regional Cost Allocation Principle 5. Filing Parties' OATTs list three benefit metrics that *may* be used to evaluate a transmission project's benefits and beneficiaries: change in annual capital-related costs; change in energy losses; and change in reserves.⁴⁰⁶ Filing Parties' proposed OATT revisions, however, do not provide adequate detail regarding these benefit metrics to allow a stakeholder to determine how the regional cost allocation method for transmission projects was applied to a proposed transmission facility. For example, Filing Parties' OATTs do not describe how changes in annual capital-related costs, energy losses, and reserves will be calculated. Additionally, the OATT must contain a minimum set of benefit metrics that *will* be used to determine benefits and identify beneficiaries rather than a minimum set of benefit metrics that *may* be used. Therefore, Filing Parties are directed to submit further compliance filings, within 120 days of the date of issuance of this order, revising their OATTs to: (1) include a minimum set of benefit metrics that will be applied to every transmission facility selected in the regional transmission plan for purposes of cost allocation; and (2) set forth a transparent method for calculating changes in annual capital-related costs, energy losses, and reserves.

262. Additionally, we find that Filing Parties' method for identifying beneficiaries lacks transparency. Filing Parties do not clearly describe how beneficiaries will know whether a particular benefit metric applies to them and whether they have been identified as a beneficiary of a particular transmission facility selected in the regional transmission plan for purposes of cost allocation. Accordingly, we require Filing Parties to submit, in further compliance filings ordered above, revisions to their respective OATTs to describe a transparent method for identifying beneficiaries with adequate documentation to allow a stakeholder to determine how it was applied to a proposed transmission facility.

⁴⁰⁵ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 668.

⁴⁰⁶ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.2.

263. Finally, we find that Filing Parties' proposed regional cost allocation method complies with Regional Cost Allocation Principle 6. Filing Parties propose to use one cost allocation method for all types of transmission facilities in the regional transmission plan – reliability transmission projects, economic transmission projects, and public policy transmission projects.⁴⁰⁷ In addition, Filing Parties have not proposed to designate a type of transmission facility that has no regional cost allocation method applied to it.⁴⁰⁸

b. Transmission Project Eligibility for Regional Cost Allocation

i. Filing Parties' Compliance Filings

264. Filing Parties' proposal provides that in order for a transmission project to be selected in the regional transmission plan for purposes of cost allocation, the project must: (1) either be proposed for such purpose by a pre-qualified transmission developer or be an unsponsored project identified in the regional transmission planning process; (2) be selected in the regional transmission plan; (3) have an estimated cost which exceeds the lesser of: \$100 million, or five percent of the transmission developer's net plant in service (as of the end of the calendar year prior to the submission of the project); and (4) have total estimated project benefits to regional entities (other than the transmission developer) that exceed \$10 million.⁴⁰⁹ Filing Parties propose that if the transmission project is unsponsored, the regional entity estimated to receive the largest share of the project benefits is considered the "transmission developer" for the sole purpose of determining whether the project satisfies the minimum benefit threshold.⁴¹⁰

265. Filing Parties state that because their transmission planning region does not have a regional transmission tariff or organized power markets, the burden of developing, tracking, and administering the process of cost allocation must be weighed against the likely value of ensuring that beneficial transmission projects are constructed in a timely manner (and not delayed or lost due to "free riders" not funding a proportionate share of the project). In performing this balancing, Filing Parties state that NTTG will rely on the minimum cost and benefit thresholds described above when determining whether a

⁴⁰⁷ See Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 685.

⁴⁰⁸ See *id.* P 690.

⁴⁰⁹ The aspects of this proposal that pertain to eligibility for proposing transmission projects to be studied in the regional transmission planning process is discussed in section IV.B.2.b above.

⁴¹⁰ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.2.1.

transmission project is eligible to be selected in the regional transmission plan for purposes of cost allocation. According to Filing Parties, the minimum cost threshold ensures that a project selected for cost allocation provides potentially significant value to the region, but does not preclude consideration of smaller-scale projects with regional benefits from being sponsored by entities with relatively few transmission assets.⁴¹¹ Moreover, Filing Parties state that the minimum benefit threshold is especially important given that NTTG is allowing any project, including those included in the local transmission plans of transmission providers, to request to be selected in the regional transmission plan for purposes of cost allocation. Without the proposed benefit threshold, Filing Parties contend, NTTG could be overwhelmed with requests for cost allocation in which the regional benefits being provided (and, therefore, any project costs allocated) are *de minimis* in nature.⁴¹²

ii. Protests/Comments

266. Western Independent Transmission Group states that Filing Parties have failed to provide specific guidelines or a formula to indicate what specific cost and benefit inputs will contribute to reaching the proposed cost and benefit thresholds (i.e., estimated project cost exceeding the lesser of \$100 million or five percent of the transmission developer's net plant in service and project benefits to regional entities other than the transmission developer exceeding \$10 million).⁴¹³ Similarly, LS Power asserts that while the compliance filings contain specific cost-benefit targets for regional cost allocation eligibility, they do not provide any information regarding the metrics that will be used to assess the cost-benefit thresholds.⁴¹⁴

267. Additionally, AWEA expresses concern that the cost threshold identified in NTTG's selection criteria (i.e., an estimated cost that exceeds the lesser of \$100 million or five percent of the transmission developer's net plant in service) is too high. AWEA views this cost threshold as a barrier to the development of regionally beneficial transmission projects, and contends that projects that cost less than \$100 million may still

⁴¹¹ *E.g.*, PacifiCorp Transmittal Letter at 23; PacifiCorp OATT, Attachment K § 3.7.2.1.

⁴¹² *E.g.*, PacifiCorp Transmittal Letter at 23-24.

⁴¹³ Western Independent Transmission Group Comments at 5-6 (citing NTTG Compliance Filing Attachment K §3.7.2.1(d)).

⁴¹⁴ LS Power Protest at 7.

produce significant benefits for the region. In addition, AWEA notes that other regions utilize a lower cost threshold.⁴¹⁵

iii. Commission Determination

268. As a threshold matter, Filing Parties' proposal appears to exclude transmission projects proposed by stakeholders for selection in the regional transmission plan for purposes of cost allocation from receiving regional cost allocation. However, Order No. 1000 specifically stated that the transmission developer "qualification criteria should not be applied to an entity proposing a transmission project for consideration in the regional transmission planning process if that entity does not intend to develop the proposed transmission project."⁴¹⁶ Order No. 1000 thus recognized that entities that do not intend to develop a proposed transmission project may still submit that transmission project for purposes of cost allocation and have it studied accordingly in the regional transmission planning process. Therefore, we reject Filing Parties requirement that in order for a transmission project to be selected in the regional transmission plan for purposes of cost allocation, the transmission project must be proposed for such purpose by a pre-qualified transmission developer.

269. We agree with AWEA's concerns that Filing Parties' proposed minimum cost and benefit thresholds may be too restrictive such that they will exclude from evaluation transmission facilities that provide significant benefits to the transmission planning region. In establishing specific cost and benefit thresholds for the NTTG transmission planning region, Filing Parties must not be so limiting as to preclude from evaluation transmission projects that may provide regional benefits. If Filing Parties wish to retain the proposed cost and benefit thresholds, they should, on compliance, provide additional justification as to how its proposed threshold requirements reach this balance and identify transmission facilities that are likely to have regional benefits. Moreover, we agree with commenters that Filing Parties must specify how they will calculate benefits for purposes of determining whether a proposed transmission facility satisfies the benefit threshold and thus is eligible to be considered for selection in the regional transmission plan for purposes of cost allocation. Otherwise, the benefit threshold is not adequately transparent such that transmission developers and stakeholders can understand why a particular transmission facility is or is not eligible to be considered for selection in the regional transmission plan for purposes of cost allocation. Accordingly, we direct Filing Parties to submit, within 120 days of the date of issuance of this order, further compliance filings that: (1) provide further justification as to why the proposed minimum cost and benefit thresholds identify transmission facilities that likely have regional benefits, or remove

⁴¹⁵ AWEA Comments at 22.

⁴¹⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 324 n.304.

these requirements from their OATTs; and (2) revise their OATTs to describe how the benefits of a proposed transmission facility will be calculated for purposes of determining whether it satisfies the proposed benefit threshold.

c. Participant Funding

i. Filing Parties' Compliance Filings

270. Under the NTTG transmission planning process, costs for transmission projects included in the regional transmission plan can be allocated at the transmission developer's election either through participant funding or NTTG's regional cost allocation process, as described above.⁴¹⁷ Additionally, for participant funded projects, Filing Parties' proposal provides that transmission providers may elect to provide an open season solicitation of interest to secure additional project participants. Filing Parties propose that participant funded projects will be included in the regional transmission plan; however, participant funded projects will not receive regional cost allocation.⁴¹⁸

ii. Protests/Comments

271. According to Western Independent Transmission Group, Filing Parties' proposed tariffs provide options for parties constructing regional transmission projects to utilize a cost allocation determined by mutual agreement instead of the Order No. 1000 cost allocation method. Western Independent Transmission Group asserts that the proposed provisions allow parties to agree to allocate the costs of a transmission project identified in the regional transmission plan according to an alternative cost allocation mechanism. It contends that allowing parties to adopt a cost allocation method for a regional transmission project that qualifies for regional cost allocation other than the established regional cost allocation method is not compliant with the requirements of Order No. 1000. Western Independent Transmission Group further requests that the Commission clarify that regional transmission projects intended to meet regional needs must go through the transmission planning and cost allocation processes as required by Order No. 1000.⁴¹⁹

272. Similarly, LS Power argues that the Commission should require Filing Parties to remove the cost allocation "opt-out" provision and the participant funding option for

⁴¹⁷ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.

⁴¹⁸ *E.g.*, *id.* § 3.7.1.

⁴¹⁹ Western Independent Transmission Group Comments at 3-5.

regional cost allocation.⁴²⁰ It refers to the following in Filing Parties' proposal as the "opt-out" provision: "For those projects included in the Regional Transmission Plan, costs can be allocated at the project sponsor's election either through participant funding or NTTG's cost allocation process"⁴²¹ LS Power argues that this provision is contrary to the Order No. 1000 requirement that a public utility must have a cost allocation method in place for transmission projects selected in the regional transmission plan for purposes of cost allocation.⁴²² Further, LS Power asserts that the provision causes uncertainty on the part of nonincumbent transmission developers regarding whether they will be paid once their project is built, which is also contrary to the requirements of Order No. 1000.⁴²³ It also argues that participant funding is contrary to Order No. 1000⁴²⁴ and requests that the Commission require that if a project is selected as part of the regional transmission plan, it must use the regional cost allocation method.⁴²⁵

iii. Commission Determination

273. We find that Filing Parties' proposal to allow for participant funding of transmission facilities not selected in the regional transmission plan for purposes of cost allocation is reasonable. Contrary to the protestors' arguments, Order No. 1000 permitted participant funding of transmission facilities, but not as a regional or interregional cost allocation method.⁴²⁶ In fact, the Commission found in Order No. 1000 that the cost allocation requirements adopted do "not undermine the ability of market participants to negotiate alternative cost sharing arrangements voluntarily and separately from the regional cost allocation method or methods."⁴²⁷ Instead, the Commission recognized in Order No. 1000 that "market participants may be in a better position to

⁴²⁰ LS Power Protest at 2, 7.

⁴²¹ *Id.* at 5 (citing NTTG Compliance Filing Attachment K, Section 3.7).

⁴²² *Id.* (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 558).

⁴²³ *Id.* at 5-6 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at PP 561-562).

⁴²⁴ *Id.* at 5 (citing Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 723).

⁴²⁵ *Id.* at 7.

⁴²⁶ Order No. 1000, FERC Stats. & Regs. ¶ 31,323 at P 723.

⁴²⁷ *Id.* P 561.

undertake such negotiations as a result of the public utility transmission providers in the region having evaluated a transmission project.”⁴²⁸

274. We disagree with protestors’ claims that allowing participant funding as an alternative cost sharing arrangement will allow transmission owners to bypass the regional transmission planning process. As the proposed OATTs require, all participant-funded transmission projects will be studied in the regional transmission planning process; those transmission projects do not receive regional cost allocation.⁴²⁹

Accordingly, we find that the proposed provisions allowing for participant funding of transmission facilities as an alternative cost sharing agreement but not as the regional cost allocation method comply with Order No. 1000.

d. Ownership Rights

i. Filing Parties’ Compliance Filings

275. Filing Parties’ proposal provides that:

While the estimation of the benefit metrics is generally not dependent or conditioned on future contractual rights of a Beneficiary, that is not necessarily true with regard to the benefits of deferred or replaced transmission projects. In such instances, in order to fulfill the function, and, therefore, fully realize the estimated benefits of deferring or replacing a transmission project, the affected transmission provider(s) may require ownership (or ownership-like) rights on the alternative transmission project or on the transmission system of the transmission provider within which the alternative transmission is embedded. Such contractual requirements are specific to the purpose(s) of the deferred or replaced transmission project. Transmission providers whose transmission project is deferred or replaced are consulted on a case-by-case basis to determine their contractual requirements.⁴³⁰

⁴²⁸ *Id.*

⁴²⁹ *E.g.*, PacifiCorp OATT, Attachment K § 3.7.

⁴³⁰ *E.g.*, *id.* § 3.7.2.4.

ii. Protests/Comments

276. No comments or protests were filed regarding this issue.

iii. Commission Determination

277. We find that Filing Parties' proposal to provide transmission providers whose transmission projects have been deferred or replaced ownership or ownership-like rights on the alternative transmission project or on the transmission system within which the alternative transmission project is embedded has not been shown to be just and reasonable and not unduly discriminatory or preferential, and we therefore reject it. This proposal appears to require a transmission developer to relinquish a portion, if not all, of its ownership stake in its transmission project, which, at the very least, would be a disincentive to nonincumbent transmission developers to propose transmission projects for selection in the regional transmission plan for purposes of cost allocation. However, we note that neither this order nor Order No. 1000-A⁴³¹ prohibits Filing Parties from submitting a revised proposal that addresses access to new transmission facilities for which an entity has been allocated costs pursuant to a regional cost allocation method but that does not require a transmission developer to grant ownership in, or ownership-like rights to, its transmission project.⁴³²

e. Cost Recovery**i. Protests/Comments**

278. Utah Industrial Energy Consumers argue that because PacifiCorp and other transmission providers in NTTG operate without the benefit of a Regional Transmission Organization or Independent System Operator, there is no neutral, independent party supervising transmission planning, transmission access, and the operation of organized bulk power markets. Utah Industrial Energy Consumers assert that PacifiCorp allocates 100 percent of its transmission capital costs among the six retail jurisdictions it serves and that none of the transmission costs are allocated to PacifiCorp's merchant transmission function or other third parties who may have caused the transmission expansion. They argue that because PacifiCorp allocates its costs to its transmission customers, Utah retail ratepayers bear the risk for non-use of costly upgrades to the

⁴³¹ See Order No. 1000-A, 139 FERC ¶ 61,132 at P 624 (stating that the appropriate forum to consider the issue of access to new transmission facilities for which an entity has been allocated costs pursuant to a regional cost allocation method is in the regional transmission planning process for each transmission planning region).

⁴³² See, e.g., *Pub. Serv. Co. of Colo.*, 142 FERC ¶ 61,206 at PP 339-340.

transmission system. According to Utah Industrial Energy Consumers, with retail ratepayers underwriting all the transmission investment risks of vertically integrated utilities, the ability of independent transmission developers to compete is severely hampered.⁴³³

ii. Commission Determination

279. While the Commission stated that, to the extent that cost recovery provisions are considered in connection with a cost allocation method or methods for a regional or interregional transmission facility, public utility transmission providers may include cost recovery provisions in their compliance filings,⁴³⁴ Filing Parties did not include cost recovery provisions in their compliance filings. Therefore, we dismiss the comments concerning cost recovery because they are outside the scope of the instant proceeding.

The Commission orders:

(A) Filing Parties' compliance filings are hereby accepted, as modified, effective October 1, 2013, subject to further compliance filings, as discussed in the body of this order.

(B) Filing Parties are each hereby directed to submit a further compliance filing, within 120 days of the date of this order, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁴³³ Utah Industrial Energy Consumers Comments at 5-7.

⁴³⁴ Order No. 1000-A, 139 FERC ¶ 61,132 at P 616.

Appendix A: Abbreviated Names of Interveners and Commenters

The following tables contain the abbreviated names of interveners, including commenters and protesters in each docket.

PacifiCorp

Docket No. ER13-64-000

Interveners

Abengoa Transmission & Distribution, Inc.

American Wind Energy Association

E.ON Climate & Renewables North America, LLC

Iberdrola Renewables, LLC

LS Power Transmission, LLC and LSP Transmission Holdings, LLC (LS Power)

NW Energy Coalition

Renewable Northwest Project

Transmission Agency of Northern California

Transource Energy, LLC

Utah Industrial Energy Consumers

Western Independent Transmission Group

Commenters/Protesters

LS Power

Montana Public Service Commission, Montana Consumer Counsel, Utah Public Service Commission, Utah Office of Consumer Services, Wyoming Public Service Commission and Wyoming Office of Consumer Advocate (State Members)

Utah Industrial Energy Consumers

Western Independent Transmission Group

Deseret Generation & Transmission Cooperative, Inc. Docket No. ER13-65-000

Interveners

American Wind Energy Association

E.ON Climate & Renewables North America, LLC

LS Power

NW Energy Coalition

Renewable Northwest Project

Western Independent Transmission Group

Commenters/Protesters

American Wind Energy Association and Renewable Northwest Project (AWEA)

LS Power

State Members

Western Independent Transmission Group

NorthWestern Corporation

Docket No. ER13-67-000

Interveners

American Wind Energy Association

Central Montana Electric Power Cooperative, Inc.

E.ON Climate & Renewables North America, LLC

LS Power

Montana Large Customer Group

NW Energy Coalition

PPL EnergyPlus, LLC and PPL Montana, LLC (PPL Companies)

Renewable Northwest Project

Western Independent Transmission Group

Commenters/Protesters

AWEA

LS Power

PPL Companies

State Members

Western Independent Transmission Group

Portland General Electric Company

Docket No. ER13-68-000

Interveners

Abengoa Transmission & Distribution, Inc.

American Wind Energy Association

E.ON Climate & Renewables North America, LLC

LS Power

NW Energy Coalition

Renewable Northwest Project

Western Independent Transmission Group

Commenters/Protesters

LS Power

State Members

Western Independent Transmission Group

Idaho Power Company

Docket No. ER13-127-000

Interveners

American Wind Energy Association

E.ON Climate & Renewables North America, LLC

NW Energy Coalition

Renewable Northwest Project

Western Independent Transmission Group

Commenters/Protesters

AWEA

State Members

Western Independent Transmission Group