



NTTG Order 1000 Stakeholder Comment and Input Form			NTTG Response			
Your input on Northern Tier's processes are important to us. Please submit comments to info @ nttg.biz			All responses are dynamic and based upon assumptions that may be adjusted as options are fleshed out and alternatives considered; Unless otherwise indicated, responses are subject to change.			
<a href="#">Received via info @ nttg on February 14, 2012</a>			<b>NTTG Tracking Info</b> Date Received: February 14, 2012 @ 4:25 PM (PST) Committee Assignment: NTTG O1K Cost Allocation Compliance Workgroup Date Assigned: February 16, 2012			
<a href="#">2/16/12: Assigned to the NTTG Cost Allocation Compliance Workgroup</a>						
<b>Commentor Contact Information</b>						
Date: February 14, 2012						
Name: Vicki M. Baldwin						
Organization: UIEC						
Comments			DRAFT RESPONSE			
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NTTG Order 1000 Stakeholder meeting Presentation of Feb. 2, 2012 and the NTTG 2010-2011 Biennial Plan cost Allocation Committee Final Report of Dec. 1, 2011	Pages 10 and 11, respectively	The first bullet on the presentation states that for type c projects (which are new projects identified through the planning process) or those submitted for cost allocation by an eligible entity, NTTG will evaluate benefits and identify benefits. However, the Final report at page 11 notes that the Cost Allocation "Committee is not structured in terms of staffing or other resources to prepare basic analysis of a project's benefits and beneficiaries, nor a cost allocation based upon distribution proportionate to benefits." In addition, it notes that "None of the sponsors provided a risk and benefit analysis focusing on the distribution of costs, benefits, and risks among parties proposed to share in the cost allocation of the project. Without such analysis demonstrating consistency with the cost allocation principles is problematic for the Committee." My question is, how is the task proposed in the presentation going to be accomplished given the problems noted in the report. It does not appear that NTTG is capable of doing what it claims it is going to do and the sponsors don't appear to be providing any helpful information.	20	UIEC #11	04.20.12	NTTG is in the process of identifying what will be required for Order 1000 compliance. In addressing these requirements, NTTG will determine whether compliance with Order 1000 necessitates changes to its resources and processes.
NTG 2010-2011 Biennial Plan Cost Allocation Committee Final Report	pages 25 and 52	Idaho Power says it is going to continue using existing allocation processes for cost allocation and PacifiCorp says it is going to use its Revised Protocol (which has been replaced) for cost allocation. Neither of these has anything to do with a cost/benefit analysis and neither includes a public policy consideration. In the future, how is NTTG going to make cost allocation analyses and benefit, beneficiary, risk analyses in conformance with Order 1000 when the sponsors do not provide honest cost allocation, benefit, beneficiary, and risk disclosures to the Committee?	21	UIEC #12	4.20.12	Order 1000 requires NTTG to produce a regional transmission plan that meets the needs of the region most efficiently and/or cost effectively, including needs driven by reliability, economic and public policy requirements. To the extent that a project is selected in the plan for purposes of cost allocation, its selection will be based on analysis that identifies the project's reliability, economic and public policy benefits, and those who benefit from them, and costs will be allocated roughly commensurate with these benefits. NTTG's understanding of Order 1000 is that these activities will be conducted at the FERC-jurisdictional level and not at the retail level. NTTG does not interpret Order 1000 as requiring a change to local, retail cost recovery mechanisms approved by state public utility commissions and which are subject to the ongoing jurisdiction of state public utility commissions. An example of how FERC-jurisdictional regional cost allocations function in regional transmission organization ("RTO") environments may be helpful in explaining this distinction. In organized markets where regional cost allocation frameworks are already in place, regional cost allocations are made to transmission owners in RTOs, for example, for regional transmission expansions that benefit the transmission owner. These transmission owners are subject to FERC's jurisdiction under regional tariffs and also frequently to the jurisdiction of state commissions because the transmission owner is also a load-serving entity providing retail electric service. Any costs allocated to a transmission owner according to the regional tariff cost allocation methodology must be paid to the RTO by that transmission owner. Subsequently, the transmission provider can seek cost recovery from its own customers. If the transmission provider is a load-serving entity, it will seek to recover these costs to its retail customers according to whatever retail cost allocation method has been approved for use by the state public utility commissions where the retail customers take service.

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NTTG Order 1000 Stakeholder meeting Presentation of Feb. 2, 2012, Cost Allocation Options and NTTG's response to my question UIEC 9	page 37 of the presentation	On January 17, I asked why meeting notes indicated that cost allocation to non-transmission providers is currently out of scope and received a response regarding FERC jurisdiction. In the Stakeholder presentation it was proposed that beneficiaries include customers, generators, and loads. Costs are supposed to be allocated to beneficiaries. If the costs are only allocated to transmission providers without any indication of the underlying actual beneficiaries, it appears that the goals of FERC's Order 1000 will be frustrated and the cost allocation plan worthless. How does NTTG intend to demonstrate the real beneficiaries that benefit and/or cause the costs for the project?	22	UIEC #13	04.20.12	NTTG is still in the process of determining who are appropriate beneficiaries in light of Order 1000 and has not yet developed the benefit-measurement metrics that will be the basis for any cost allocation methodologies it employs for compliance with Order 1000. As explained above, using RTO environments as an example, beneficiaries are typically those entities subject to a FERC-jurisdictional tariff.
Meeting Summary of December 29, 2011 NTTG O1K Cost Allocation Compliance Work Group and your response to UIEC 8.	para 2, p. 1	The summary indicates that an option for cost allocation is to work backwards from multi-state allocations used by the sponsors. Your response in UIEC 8 indicates you did not understand our comment. The multi-state allocation plans that are used for interjurisdictional allocation of costs, such as the one used by PacifiCorp, have no relationship to a cost benefit analysis and do not allocate costs to the cost causers or the beneficiaries. Furthermore, there is no public policy consideration encompassed in these plans. Accordingly, such an option would not comport with Order 1000 and we do not support such an option.	23	UIEC #14	04.20.12	Order 1000 requires NTTG to produce a regional transmission plan that meets the needs of the region most efficiently and/or cost effectively, including needs driven by reliability, economic and public policy requirements. To the extent that a project is selected in the plan for purposes of cost allocation, its selection will be based on analysis that identifies the project's reliability, economic and public policy benefits, and those who benefit from them, and costs will be allocated roughly commensurate with these benefits. NTTG's understanding of Order 1000 is that these activities will be conducted at the FERC-jurisdictional level and not at the retail level. NTTG does not interpret Order 1000 as requiring a change to local, retail cost recovery mechanisms approved by state public utility commissions and which are subject to the ongoing jurisdiction of state public utility commissions.
		What is the incentive for a transmission provider to ever submit a project for cost allocation?	24	UIEC #15	04.20.12	NTTG cannot predict with certainty what motivations or incentives transmission providers may have for submitting a project for cost allocation. One possible motivation or incentive would be to receive a determination that the project, assuming it was selected as the most cost effective solution for an identified need by NTTG, is eligible for regional cost allocation, in which case the transmission provider would be able to seek recovery for these costs from other regional beneficiaries.