

NTTG

Order 890 Comments and Considerations

This document contains observations and approaches being considered by NTTG as part of Order 890 compliance. NTTG members have not yet committed to all of these proposals.

- **FERC pro forma OATT requires coordinated, open, transparent transmission planning**
 - On both Local and Regional level – Each TP must:
 - Submit a proposal with process that complies with the 9 principles and concepts in Order 890
 - Or file a compliance filing describing its existing coordinated & regional planning process (inc tariff language) that meets or is superior to 890 requirements
 - The TP's process needs to coordinate with customers, neighboring TP's, state authorities, and stakeholders such that plans are not developed in an unduly discriminatory manner.
 - Compliance filing in 210 days after Publication in Federal Register (PIFR)
 - Regional Technical conferences within 90 days of PIFR
 - TP's must post a Strawman within 75 days of PIFR

Planning Strawman

- **Strawman will inform Technical Conferences that FERC will convene to:**
 - “assist the participants in developing the appropriate regional planning groups to the extent they do not already exist”
- **Describes how the proposed planning process complies with each Order 890 planning principles**
- **Includes a “specification” of the broader region in which the TP will conduct coordinated regional planning**
- **Must consult with stakeholders to develop this strawman**
- **March 14 kick off the open Strawman development process**

Northern Tier Goals

- **Prepare strawman that coordinates and fits with the region and other sub-regions**

- Open development process
- **Strawman can be used by the member utilities to meet Order 890 and new OATT requirements**
- **Strawman that meets:**
 - Order 890 planning requirements & principles
 - Needs of member customers, states and stakeholders
 - Reliability and economic system analysis and plans
 - Analysis for new aggregated planning and requests, conditional firm parameters, congestion management, redispatch
 - Cost Allocation methodology
 - Timelines required by Order 890

Order 890 Planning Principles

1. Coordination

- Coordination requirements flexible, left to the TP, their customers, and stakeholders to define:
 - Number of meetings
 - Scope
 - Format
 - Features, etc.
- Flexibility is allowed – Could utilize rigid formal meeting procedures, or formation of Planning Committee with neighboring TP's, state authorities, customers, and stakeholders
- Process must be coordinated, open and transparent with customers and stakeholders
 - That wish to actively participate,
 - Should be included early in the process
- Ultimate responsibility for planning remains with the TP
- Non-Jurisdictional TPs are expected to participate, but mandated participation will be reviewed on a case by case basis if needed

2. Openness

- Planning meetings must be open to all affected parties including:
 - Transmission and interconnection customers
 - State Commissions
 - Stakeholders
- Restricted subsets are OK on specific issues but overall development of the plan must be open
- Confidentiality and Standards of Conduct mechanisms should be developed

3. Transparency

- TPs must disclose to all their basic criteria, assumptions, data
- Methodologies, criteria, and process must be published so that standards are consistently applied and so that others can replicate planning results
 - Must include treatment of native load
 - Includes status of upgrades
 - Requires simultaneous disclosure
 - Must consider long term demand side resources and other in process
 - Present Form 714 & 715 not sufficient
- Non-jurisdictionals are expected to provide the same information
- Independent third party facilitation not required but FERC encourages TPs and stakeholders to explore in order to manage SOC

4. Information Exchange

- Transmission customers are required to submit info on projected loads and resources
- TP's must allow market participants the opportunity to review and comment on draft transmission plans
- Network, native load, and PTP customers information will be incorporated on comparable basis
- TPs must develop a format and schedule for submittals that coordinates with ERO requirements

5. Comparability

- The TP's transmission system plan should:
 - Meet the specific service requests of its transmission customers
 - Treat similarly situated customers comparably in transmission planning
 - Not each and every customer need be treated the same
- Demand Side resources should be treated on a comparable basis as generation resources

6. Dispute Resolution

- Required to manage all disputes arising from Order 890 Planning Process before parties can turn to the commission
 - Existing ADR can be used if it specifically addresses planning disputes
 - Must address both substantive and procedural planning disputes
 - Will not cover any issues over which the FERC does not have jurisdiction (i.e. siting)
- Encourages parties to use FERC's Dispute Resolution Service incorporating three steps of 1) negotiation, 2) mediation, 3) arbitration

- Affected parties retain any and all rights under FPA section 206 to file complaints with the Commission

7. Regional Participation

- TPs are required to coordinate the interconnected systems:
 - Share system plans to insure simultaneous feasibility
 - Identify enhancements that could relieve congestion or integrate new resources
- Specific features of regional planning should accommodate existing institutions, physical characteristics, and historical practices
- Note the good regional processes of the RTOs
- Does not specify the size of a region or sub-region as long as sub-regions (especially in the West) have:
 - Adequate scope
 - Adequate coordination
 - Coordination to maintain reliability and allow customers to consider resource options that span the region
- Existing regional processes can be used but must demonstrate they are:
 - Open and inclusive
 - Address both reliability and economic considerations
 - Coordinate these issues across the region
- If NERC processes are not appropriate for economic issues, regions may develop alternative processes

8. Economic Planning Studies

- FERC clarifies that planning must include economic planning in addition to reliability:
 - For comparability to TP native load customer treatment
 - To reduce congestion and re-dispatch costs
 - To provide customers with studies showing benefits of joint projects and aggregation of requests in common areas
- Provisions:
 - Does not obligate TP to fund economic projects
 - Provides customers with method to request and choose type of studies that evaluate upgrades or other investments that could:
 - Reduce significant and recurring congestion and/or
 - Integrate L&R on aggregated or regional basis
 - Requires TP's to develop methods to batch or cluster requests for economic studies of aggregated resource integration and processes to perform in most efficient manner. Must be included in Attachment K.
 - Requests for economic studies must be posted on OASIS
 - Customers choose type and location of economic studies
 - Cost of studies rolled in

- Does not supplant existing individual customer request processes
- Requires customers, stakeholders, merchants to provide economic data
- DOE studies not enough, requires TP compliance as to its own as well as regional planning process.

9. Cost Allocation for New Projects

- Complying planning processes will address cost allocation for joint projects, economic projects and projects that do not fit into existing OATT cost allocation principles
- FERC will not prescribe a particular method
 - TP and stakeholders to decide
- Proposal should identify types of projects not covered by existing cost allocation rules that would be under new methods.
- For disputes on cost allocation using new methodology, FERC will consider:
 - Fair allocation to beneficiaries
 - Adequate incentives to construct
 - Support by state authorities and region wide participants

Other Planning Issues

- Encourages exploration of use of Independent Third Party Facilitator for planning
- Encourages State participation
 - Encourages collaboration among states and formation of groups like regional state committees
- FERC will closely review Planning Compliance filings
- FERC encourages providers to give consideration to existing planning processes such as those implemented by RTO's, ISO's and proposed by AWEA
- TPs should work with stakeholders and states to develop cost recovery mechanisms for planning costs
- FERC will not mandate Open Season Procedures for joint project development but encourages participants to consider such
- Required OATT detail for Planning Attachment K is included

Northern Tier Planning: Present Course

- **NTTG Planning Principles:**
 - Fast Track needed expansion
 - Goals: Similarly situated, like interests
Members,

Customers
Stakeholders Openness

– Processes:

Openness
Transparency
Information Exchange

- Interconnection-Wide Scope
- Dispute Resolution
- Collaboration with Regulators
- Avoid Duplication
- Share Workload

• **NTTG Planning Initiatives and Goals – Phase One:**

- Identify “Fast Track” transmission projects by June 30, 2007.
- Facilitate implementation of the Fast Track Projects.
- Produce a comprehensive transmission plan by June 30, 2009, and biennially thereafter.
- Facilitate implementation of the comprehensive transmission plans.

Identification of “Fast Track” projects

- Review IRPs
- Review other studies – RMATS, SSG-WI, etc.
- Review WECC documents – Project notifications, etc.
- Receive Input from NTTG Transmission Use Group on where contractual capability is needed.
- Document findings in report
- Complete by early summer
- Facilitate project implementation

Comprehensive Transmission Plan

- Starts after fast-track projects are identified
- Well coordinated with IRP processes, other regions, and transmission customers
- 10-year plan, issued every two years
- Includes alternative futures and strategic projects
- Coordinates and facilitates new generation additions
- Identifies future congestion and potential projects to reduce congestion

Project Facilitation

- Biennial Plans and Requested Studies provide parties with system analysis
 - Reliability needs
 - Economic Needs
 - Aggregated needs
- Project participation agreements, financing, permitting, and construction are ultimately the responsibility of the individual project participants.
 - Present OATT provides request process and cost allocation/recovery for reliability projects and specifically requested projects
- Cost Allocation Work Group to Develop cost and benefit allocation methodology for economic and aggregated projects

Coordination

- With other Western Interconnection Wide Planning Groups
 - WECC/TEPPC, CREPC, WGA
 - Other Sub-Regional Planning Groups
 - Northwest – NWPP, NTAC & Columbia Grid
 - Canada – NWPP, NTAC
 - California – ISO & California Sub-Regional Planning Group
 - Colorado – CCPG
 - Southwest – SWAT & WestConnect
- With Members local planning
 - Sub-Transmission
- Siting Authorities
- Regulatory Agencies

How Northern Tier Planning will meet Order 890 Requirements

- **Augment existing NTTG planning process and initiatives**
- **Open participant processes to develop**
 - strawman,
 - detailed planning process, procedures,
 - transmission plans
 - to meet 890 requirements and customer needs.
- **NTTG to report to and coordinate with WECC/TEPPC/PCC as umbrella organization (including representation on NERC/NAESB), and for data coordination**

- **Develop coordination agreements and procedures to interface with neighboring sub-regional planning efforts in areas not covered by WECC/TEPPC [this may not be necessary depending on what WECC/TEPPC is willing to cover]**
- **Coordinate with CREPC and regulatory community**

Meeting the Order 890 Requirements – Principles:

NTTG 1. Coordination

- **NTTG is a member of WECC/TEPPC**
 - NTTG will work with TEPPC to enhance the coordination of TEPPC to meet Order 890 requirements
 - NTTG will work with WECC MIC and OC committees on alignment of planning and use business practices and other standards
 - NTTG will interface with NERC and NAESB through its WECC involvement
- **Participation in NTTG programs is open to all parties, including customers, providers, and state representatives.**
- **NTTG will develop coordination agreements with neighboring sub-regional planning groups for coordination of issues not covered by WECC coordination. Issues may include:**
 - Flow based planning, congestion, and scheduling processes
 - Development and alignment of conditional firm and other re-dispatch products
- **Via public process, NTTG will expand its processes and augment existing procedures to meet 890 requirements**

NTTG 2. Openness

- **Transmission planning meetings and participation in plan development is open to all affected parties including:**
 - All transmission interconnected customers,
 - State agencies
 - Interested stakeholders
- **Organization:**
 - NTTG Board is Steering Committee composed of balanced group of transmission owner executives and state commissioners,
 - Unfettered and able to make evolutionary and direction changes as they deem needed

- Public forums and workgroups,
- NTTG website
- **NTTG will participate in other regional & sub-regional planning forums:**
 - As member of WECC PCC and TEPPC
 - Via coordination agreements with other sub-regional planning groups such as NWPP, NTAC, WestConnect, California SRP Group, and ColumbiaGrid

NTTG 3. Transparency

- **NTTG Transmission Providers will disclose via NTTG processes [which may include working through WECC] to all customers and other stakeholders the basic criteria, assumptions, and data that underlie its transmission system plans.**
- **NTTG’s ATC openness initiative:**
 - Publicizes the methods and assumptions for components of ATC on scheduled paths within the NTTG footprint,
 - Allows public input for direction of future ATC studies
 - Displays a combined path ATC “connect the dots” diagram for member systems.
- **NTTG’s website is publicly open to all parties (considering CEII concerns)**
- **NTTG planning forums and work groups will be open to all interested parties.**
- **NTTG data and assumptions for planning efforts will be shared and vetted in a process open to all stakeholders.**

NTTG 4. Information Exchange

- **NTTG procedures will combine member’s network transmission customers’ submittals of projected loads & resources on a comparable basis (e.g., planning horizon and format) with native load and point-to-point customers.**
 - NTTG will allow market participants the opportunity to review and comment on draft transmission plans.
- **NTTG is working on an initiative to combine its member’s Integrated Resource Plans, including network load projections and resource plans,**
 - Will prepare and present this information in a public forum.
- **Possible future initiatives include creating a process for joint transmission service request submittals and consolidation of queues for service requests, and control area operations.**

- **NTTG's ATC transparency initiative will be coordinated and linked to planning data and studies.**
- **NTTG will coordinate with other open sub-regional and regional planning forums and will continue to participate in these forums, or facilitate integration of these committees into the NTTG processes.**

NTTG 5. Comparability

- **NTTG will develop a transmission system plan that:**
 - Integrates specific customer requests of the TP's
 - Meets the study requests of transmission customers
 - Treats similarly situated customers (e.g., network and retail native load) comparably in transmission system planning.
- **NTTG will tackle both economic and reliability planning**
- **NTTG's sub-regional plans and initiatives will be created and presented in public forums, and will seek active participation of all effected parties and customers.**
- **Possible future initiatives include developing processes for:**
 - Joint transmission service request submittals
 - Consolidation or aggregation of service requests
- **By allowing direct involvement of transmission customers in the NTTG planning process, it is anticipated that all industry participants will be treated similarly.**

NTTG 6. Dispute Resolution

- **NTTG will initially use a consensus based decision making and dispute process but will work to develop approaches recommended by OATT reform.**
- **NTTG has an inherent dispute resolution mechanism (similar to the one referenced in the Order) provided by the Steering Committee being composed of senior executives and state commissioners (senior executive level meetings)**
- **NTTG's open process, including public forums, is designed to avoid disputes before they escalate to the steering committee, WECC, or FERC level.**
- **If required and applicable, Northern Tier plans to use existing dispute resolution forums, such as WECC's Alternative Dispute Resolution (ADR) service.**

NTTG 7. Regional Participation

- **NTTG will participate as a sub-regional member in the WECC/TEPPC regional planning process, and use the existing WECC data and information sharing protocols and processes.**
- **NTTG anticipates working with WECC to expand current WECC processes related to common ATC assumptions/methodology, congestion analysis, resource adequacy, and planning.**
- **NTTG will seek direction from customers and resource owners analyze and identify high priority areas of congestion**
- **NTTG anticipates creating a public process to evaluate system congestion, re-dispatch opportunities, and conditional firm parameters**
- **NTTG is currently undertaking an initiative to combine its member Integrated Resource Plans,**
 - Including network load projections and resource plans,
 - Will prepare and present this information in a public forum.
- **NTTG will explore Open Season Processes and other ideas to facilitate aggregating customer requirements**

NTTG 8. Economic Planning Studies

- **In its Biennial Plan preparation process, NTTG will (annually?) prepare studies identifying "significant and recurring" congestion and post the studies on its website.**
- **NTTG is or will be creating a public process to**
 - Seek direction from regional customers and resource owners to study and identify high priority areas of congestion
 - Evaluate system congestion
 - Identify re-dispatch opportunities and conditional firm parameters
 - Combine and integrate its members Integrated Resource Plans
- **As desired by customers, NTTG will include consideration of region wide economic and congestion reducing projects such as the Frontier project**
 - Will coordinate with other effected areas spanned by such projects including sub-regions and WECC

- **NTTG will coordinate with WECC/TEPPC to expand the capability and use of the congestion and production cost models to enhance DOE type congestion studies as required to meet or exceed 890 requirements.**

NTTG 9. Cost Allocation for New Projects

- **NTTG has established a Cost Allocation Work Group that reports to the Steering Committee and interfaces with the Planning Work Group**
 - Chaired by a State Commissioner and composed of state and utility members
- **Its goals are to carry forward with the RMATS & TREG Cost Recovery initiatives and to:**
 - Document present cost allocation methods used in the footprint and western states for specific projects
 - Develop cost allocation principles and guidelines
 - Develop a cost allocation methodology and procedure to be adopted by the Planning Work Group to use to identify cost and benefit associated with new projects
 - Review and explore new pricing, cost recovery, and joint tariff proposals for the sub-region
 - Represent NTTG on regional and national transmission pricing, regulatory and cost recovery forums
 - Develop cost recovery mechanisms for planning costs

Other 890 Requirements

- **Third party independent transmission facilitator:**
 - Several NTTG members now use outside facilitation. The NTTG Planning Work Group will explore the benefits and costs of establishing an Independent Coordinator of Transmission or other means of facilitation.
- **State Participation:**
 - NTTG is a collaborative organization with the States at all levels and responsibilities