

Northern Tier Transmission Group
Sub-Regional Planning “Straw” Proposal
Draft 5-7-07

Key Features:

The Northern Tier Transmission Group members in consultation with stakeholders have combined to provide commercial benefits to customers of a larger integrated single system transmission network (Figure 1).

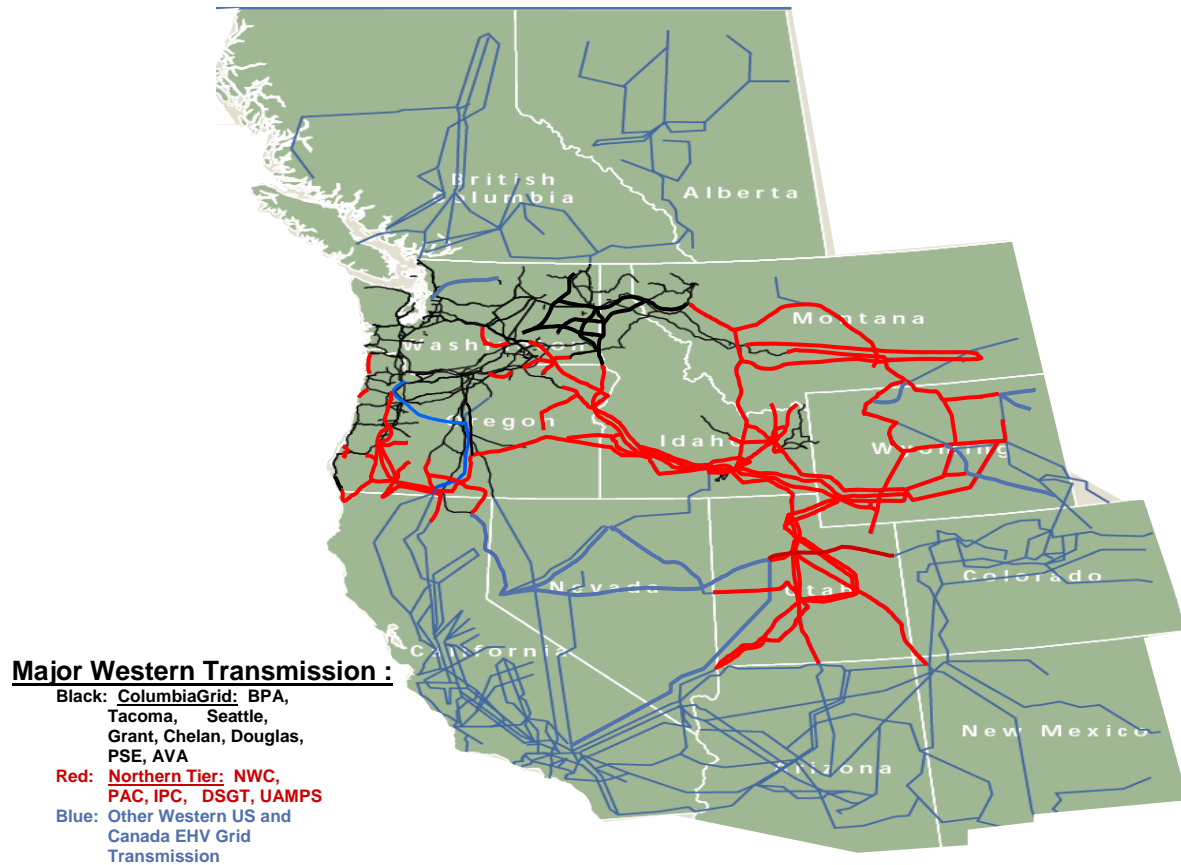


Figure 1: Northern Tier Transmission Group
Combined Member Transmission System

The members are a group of interconnected like minded transmission providers and stakeholders with similar load and resource, geographic, customer, and institutional characteristics who believe that there is the art of the possible and together they can provide transmission products, planning, operation, and services that increase the value of their combined individual systems to all customers.

In this regard planning for this network will be accomplished through the process described by this straw proposal that meets FERC Order 890 planning requirements. The proposal's key features are:

- Two Step Planning and Implementation process that better involves stakeholders up front in the planning process, provides more visibility to customers regarding regional planning studies, and that should reduce the number of OATT requests.
 - The Planning Process produces a plan that informs customers of the costs, benefits, and cost allocation of proposed transmission additions to meet their combined needs without the requirement for a formal OATT request.
 - In the Implementation Step, if they choose, customers make formal OATT transmission service requests with a transmission provider and enter into the formal service queuing process.
- A combined membership planning process incorporates the individual member TP's transmission planning processes with neighboring utilities' efforts, along with customers desiring service over multiple member systems.
- Three level integrated planning process that links and synchronizes Regional, Sub-Regional and Local planning, and that utilizes a study plan identification process to consolidate, prioritize, assign, and coordinate study teams and study efforts among all three levels.
- Utilizes the WECC Transmission Expansion Planning and Policy Committee (TEPPC) database and services to deliver congestion and economic studies for NTTG that include the effects of the full western interconnection and neighboring control areas.
- Method to aggregate service requests and implement joint projects to meet multiple party needs that otherwise would be impractical or uneconomic on a single request basis.
- Stakeholder Input Process that provides for input and review at each step and coordinates at all three levels via a stakeholder voting process similar to that adopted by the Northwest Regional Transmission Association (NRTA).
- Balanced Steering Committee composed of member TP executives and State Commission representatives from each footprint state.
- Cost Allocation Committee with regulatory and state consumer agency staff representatives from each footprint state to develop and apply principles, and recommend cost allocation to expansion covered by the plan.
- Northern Tier will coordinate with other Sub-Regional Transmission Groups via joint study teams, seams agreements, direct coordination, and coordination with WECC. Also, the Northern Tier organization has an open architecture and it's Planning Committees are open to all interested parties to participate in.

Background:

Electric transmission provides a multitude of services. It provides OATT service to customers, integrates resources to loads, provides backup paths for reliable service, , facilitates economic use of fuels, allows for effective control of moment-to-moment and minute-to-minute variations in load and system conditions, and takes up much landscape. As such the art of transmission planning must respond to and be influenced by customer requests, load forecasts, resource adequacy, transmission design, economic operation, system control, and siting/licensing. The individual transmission systems and control areas are all interconnected in the western grid and planning must be done not only on a local individual Transmission Provider (TP) basis but also on a sub-regional and western interconnection wide regional level.

Currently each TP provides OATT service where individual point-to-point (PTP) customers require planning and design studies (feasibility, impact, and facilities studies) for firm PTP service requests. Their network customers including native load customers are provided planning, expansion, and design studies on a combined basis following annual firm load and resource forecasts and formal reliability planning process.

Each individual TP must charge its own transmission rate. A customer requesting service across several TP systems must pay the sum of these individual charges (pancaked rates) and if new Available Transmission Capability (ATC) is required, make individual requests with each provider and pay for individual impact and facility studies.

The western transmission system integrates many diverse customers, generation fuel types, and control areas with varying operational control issues. While composed of the interconnection of many systems, the integrated system operates together as a complete synergistic system where actions on one system or in one corner of the western system can affect all parts. Therefore while each TP must today handle its own customers' requests, it must also integrate and coordinate transmission planning, design and operation with the rest of the western interconnection for its system to be reliable and effective. Historically this coordination has been performed in conjunction with the Western Electricity Coordinating Council (WECC).

The Western interconnect is unique in that customers may request service from remote generation to load centers. It is common for service requests to cross multiple control areas and link generation located several states distant from the ultimate load. Transmission customers and stakeholders desire in many cases transmission service across several or multiple TPs to deliver remote or economic resources across the western interconnection. With the present planning processes, this is difficult because a customer must now request transmission service and studies from each TP over the complete route it selected. To make practical and logical requests it must also have knowledge of the systems, plans and costs of the many different control areas in the West and knowledge of both the local system to connect into and the regional systems to cross. Therefore transmission stakeholders and customers must be involved, informed in, and informed about the planning processes of local, sub-regional, and regional processes.

The interconnected transmission system of the west spans long distances, many states, counties and governmental jurisdictions, and requires much right of ways. Therefore transmission expansion is expensive and involve lengthy licensing and construction processes. Under the present OATT processes there are few methods for customers to aggregate service requests together which might support an otherwise impractical expansion project through joint participation and cost allocation. Many native load and network customers in various TPs are required by individual and separate state integrated resource planning processes to develop individual resource plans. These resource plans and their related transmission expansion plans affect the remaining systems and plans. Without knowledge of these resource and expansion plans, other TPs and customers can't formulate cost effective and logical aggregated or joint transmission service requests that would facilitate joint projects to be financed, licensed and constructed.

FERC Order 890 requires that individual TPs remedy these transmission issues by developing coordinated transmission planning processes that involve stakeholders and meet FERC's identified nine principles. The order also requires that the TPs prepare straw proposals to present

at Technical Conferences in June and July. This straw proposal outlines the proposed coordinated transmission planning process that the Northern Tier Transmission Group members and stakeholders will adopt to comply with FERC's order 890 and that will be further detailed and used in each NTTG member's Attachment K...

The proposed NTTG planning process will integrate all aspects of transmission planning into a process that meets the nine principles detailed in the FERC Order 890, preserves the responsibilities of the individual TP required by their OATT, and delivers a coordinated plan that will:

- Be used and useful by stakeholder/customers, TPs and their regulators;
- Accurate, verifiable, able to be replicated by customers, and reflective of real conditions;
- Coordinated with neighboring Sub-regional and Regional Planning efforts as well as neighboring Control Areas and non-member TPs
- Informing - so that customers and stakeholders can:
 - Understand ATC, congestion, and expansion costs on paths of interest on the interconnected and joint member system,
 - Prepare informed transmission requests including requests for planning re-dispatch and/or conditional firm,
 - Allow for and facilitate the aggregation of studies and project planning, service requests, and processing such that customers and other stakeholders can combine together to request and implement joint projects through open season, common queue, coordination or other processes for joint participation, and cost sharing.
 - Propose joint projects that multiple TPs and stakeholders can pursue.
- Informing - so that TPs can elect to develop economic and/or joint projects with other TPs that are economic for existing or potentially new customers.

The planning process will facilitate:

- Aggregation of stakeholder needs (LSE IRPs, service requests, forecast use, historic use),
- Combined "single" system planning analysis (feasibility, impact type studies) of the member's transmission systems in aggregate,
- Identification of the best joint or multiple system expansion to meet the aggregated need,
- Split out or parsing of project benefits into the various categories used by state and federal regulatory agencies for cost recovery
- Estimation of technical benefits and their types to benefiting parties.
- Estimates of costs
- Planning recommendations of appropriate cost allocation for projects assuming the planning assumptions and conditions.

NTTG's straw will describe how the member TP's OATT and local planning process dovetails with the Northern Tier Transmission Group (NTTG) and the other local/sub-regional planning groups, and mesh with west-wide regional transmission planning at WECC/CREPC. It will focus in more detail on the Northern Tier Sub-Regional Planning Process that NTTG TP members will ultimately incorporate in their individual Attachment K tariff planning process descriptions filed with FERC.

The two step and three-level, coordinated process described is based in part on the SSG-WI Regional/Sub-Regional Planning model and utilizes as much as possible existing western transmission planning structures.

This paper will describe the straw proposal by explaining:

- The proposed Two Step NTTG Sub-Regional and Local Planning and Implementation Process shown in Figure 2,
- The Three Level Planning Process Figure 3,
- The relationship, data, product flow, and synchronization needed between local, sub-regional, and regional planning in the western interconnection shown in Figure 4, And a sequence diagram (Figure 5) that shows the timing of processes during the coordinated Annual Combined Synchronized Planning Cycle (ACSPC).

The Regional Planning Process proposed by the Western Electricity Coordinating Council's (WECC) Transmission Expansion and Policy Committee (TEPPC) shown in Figure 6

FERC 890 Requirements

Appendices 1 and 2 detail the FERC 890 required provisions related to Transmission Planning. The Transmission Planning process requirements can be summarized as follows:

- The purpose of formalized sub-regional and regional transmission planning (in addition to the existing individual TP planning OATT requirements) is to engage and inform all stakeholders and customers of ATC or expansion opportunities in the combined transmission system.
- The process will identify, on a planning basis, the costs and the benefit/cost allocation for identified expansion projects that involve more than one TP member system, and that will meet the aggregated needs of the member's customers, stakeholders, and others such that potential project participants have a clear understanding of the costs and benefits of proposed projects.
- The processes will allow open stakeholder involvement of all interested parties at each planning step especially early in the processes so that their requirements can be incorporated into plans and analysis for possible implementation.
- This planning will include both "reliability" and "economic" planning, expansion cost allocation methods, and Alternative Dispute Resolution (ADR) (for all disputes related to planning that are FERC jurisdictional).
- Plans must include detail on both local and regional transmission.
- The planning process, both plans and data used must be transparent allowing reconciliation with actual use and transmission products, and must allow for easy replication by others
- TP's remain ultimately responsible for implementation of plans through OATT processes.
- Treatment of all similarly situated customers including TP's native load customers are to be treated comparably in the planning process.

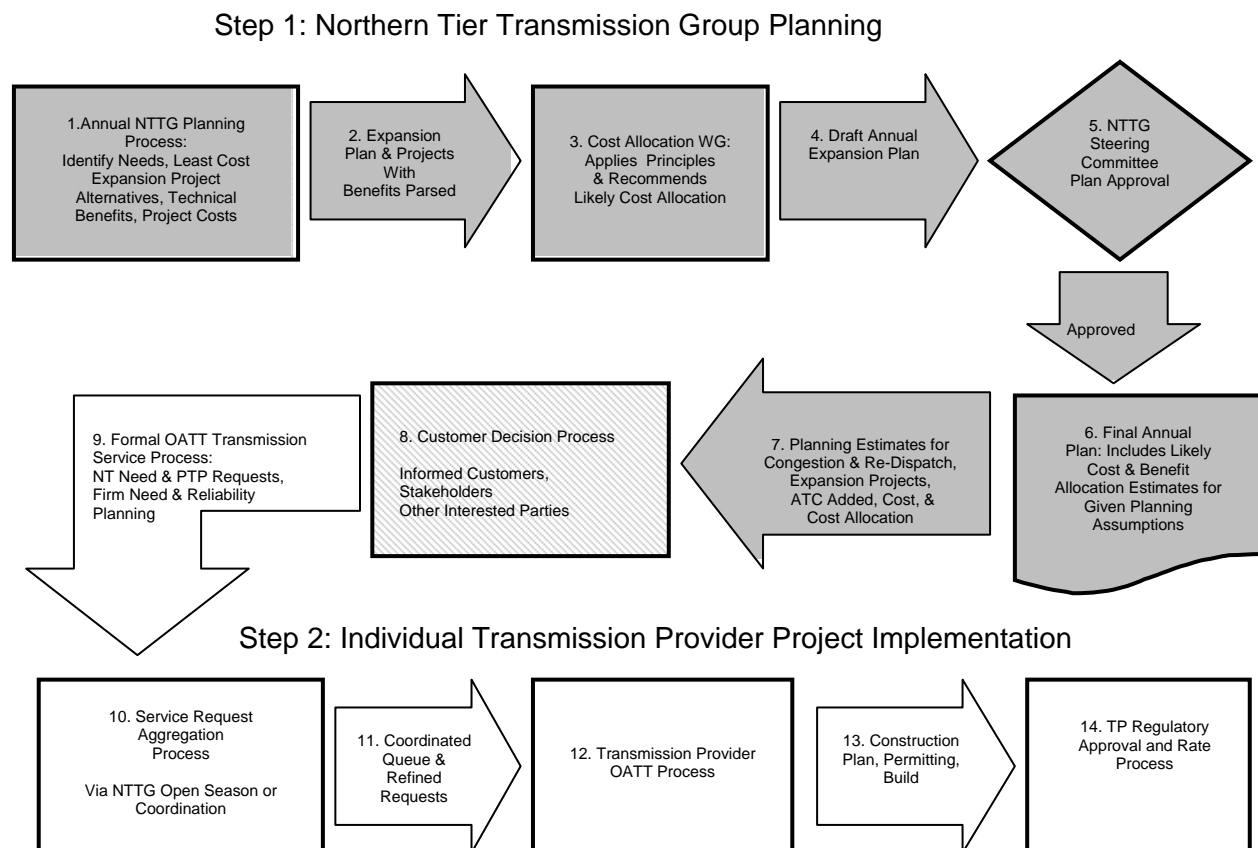
This NTTG straw encompasses all of these principles.

The Two Step Planning and Implementation Process

Step 1: NTTG Planning:

Figure 2 outlines the proposed NTTG process that integrates the multiple TP members and stakeholder planning process which leads to OATT implementation and the formal service request process.

Figure 2: Two Step Planning and Implementation



The Step 1 procedures are intended to develop a plan to meet the member's needs on a single system basis after review of the aggregated needs and of input of stakeholders. The plan will inform customers and potential project participants of the technical capabilities of the system to provide ATC, re-dispatch, conditional firm, or other products; identify needed expansion; and estimate cost and benefit allocation.

In the process indicated by Block 1 of Figure 2, the Annual and Biennial planning process collects needs and proposals from stakeholders, identifies and evaluates least cost project alternatives to meet the combined member and stakeholder needs, and estimates expansion costs. The transfer capability and reliability benefits of new expansion will be identified. This effort is

coordinated and synchronized with planning at the regional level and with other sub-regional efforts as described below in the Three Level Process.

Planning data (Block 2) will be sent to the Cost Allocation Work Group (Block 3) which will review the costs and benefits of the expansion, the needs of both stakeholders and TPs, and will recommend cost allocation for new projects using the principles and project classification in the Cost Allocation Principles Straw Proposal Paper (Appendix 4).

Expansion plans including the planning level project costs and cost allocation estimates using given planning assumptions will be documented in the Annual and Biennial Plan Report which will go to the NTTG Steering Committee for review and approval (Block 5). Once approved, the Final Plan is issued to all interested parties (Blocks 6, 7). In the process in Block 8, customers would use the information in the plan to inform decisions as to whether or not to make a formal service request for transmission products or for expansion.

The plan will contain congestion and economic dispatch analysis produced by TEPPC and NTTG on levels of congestion and re-dispatch options such that customers can make informed requests about ATC, re-dispatch, conditional firm, or transmission expansion. Customers would have the ability to determine if their single request needed to be aggregated or partnered with others to justify an otherwise impractical expansion project or to estimate the likelihood of their single request resulting in a large expansion by itself.

Step 2: TP Implementation Process

This step encompasses the TP members formal OATT processes, construction, and regulatory / rate activities. Following the Customer Decision Process which was informed by the approved Plan, the TPs receive formal OATT requests for service and firm NT load and resource estimates from customers via their local annual reliability planning process (Block 9). Stakeholder expansion brought into the step 1 planning process and in the Plan that were speculative or dependent on favorable cost allocation, and for which they now elect not to pursue, will be deleted from the relevant reliability planning base cases.

The NTTG process will align the member's individual OATT timelines such that either through an open season, common queuing, or coordination process, customers can aggregate formal requests to the TP members so that joint projects or multiple TP projects can be studied and implemented (Block 10) in NTTG.

Coordinated, refined, and common queue requests can then be assigned to individual TPs or TP teams to perform detailed impact, and facility studies (Block 12). Facility agreements would be executed by the respective TPs. Construction planning, permitting, building, followed by Regulatory approval is indicated in Blocks 13 and 14. If the resulting expansion was similar to the Plan's expansion plan and assumptions, it is expected that the ultimate cost allocation and recovery approvals (Block 14) would align with recommendations in the Plan.

Three Level Coordination Process:

Because the multi-owned and operated transmission grid system operates electrically as a single system, planning processes at the various levels need to be integrated.

NTTG's straw proposal will describe the following three level planning processes in the Western Interconnection (Figure 3).

- (A) Local Process
 - Individual TP transmission planning,
 - IRP planning,
 - OATT formal implementation process,
- (B) Sub-regional planning processes, and
- (C) Regional processes.

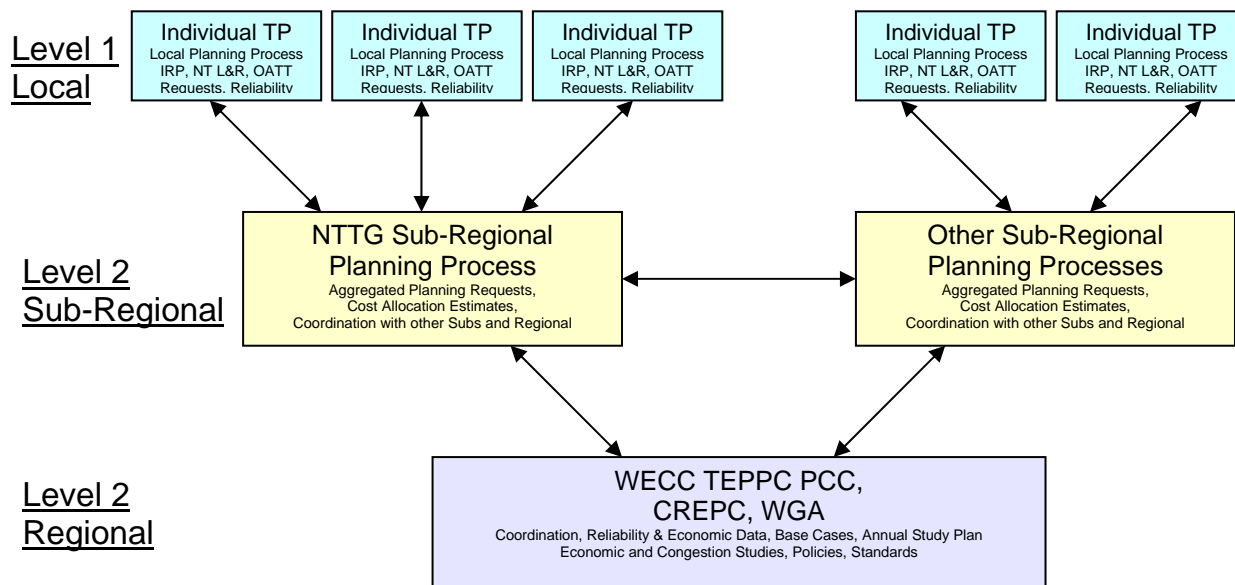


Figure 3: Three Level Planning Process in the West

Each of these processes must incorporate the functions of long-range load and resource adequacy planning, transmission reliability and economic performance analysis, expansion planning, and transmission control area operations analysis and planning in the west.

This section will further detail the Northern Tier Transmission Group Sub-Regional planning cycle process and how it will integrate into the individual Northern Tier TP member's local planning and OATT processes, and integrate with the western interconnection regional planning processes facilitated by the Western Electricity Coordinating Council (WECC) and the Committee on Regional Electric Power Cooperation (CREPC). The WECC and CREPC processes include the WECC/CREPC Load & Resources, and Resource Adequacy processes, the WECC Reliability Planning and Operating processes, the WECC TEPPC, and Western Governor's Association economic planning process.

These three levels and their relationships are shown in Figures 4. The individual TP local processes are shown in blue. The Sub-Regional planning level is shown in yellow, and the regional WECC/CREPC planning cycle is shown in violet. NTTG's planning proposal

synchronizes the western three levels and cycles to allow for formalized integration and to allow stakeholders to understand and become involved any of the three levels as needed.

Detailed on Processes

This section describes in more detail the proposed processes in each of the three levels and their relationships. Figure 4 indicates the data and product flow between participants and processes some which will require formal agreements between organizations. These are shown with process arrows that are described below. Figure 4 indicates how the three level processes need to be synchronized in time over the yearly annual (and biennial) time frame. The decision on portions of the process that need to be annual or biennial will be determined after review of the straw proposal and before finalization of Attachment K's.

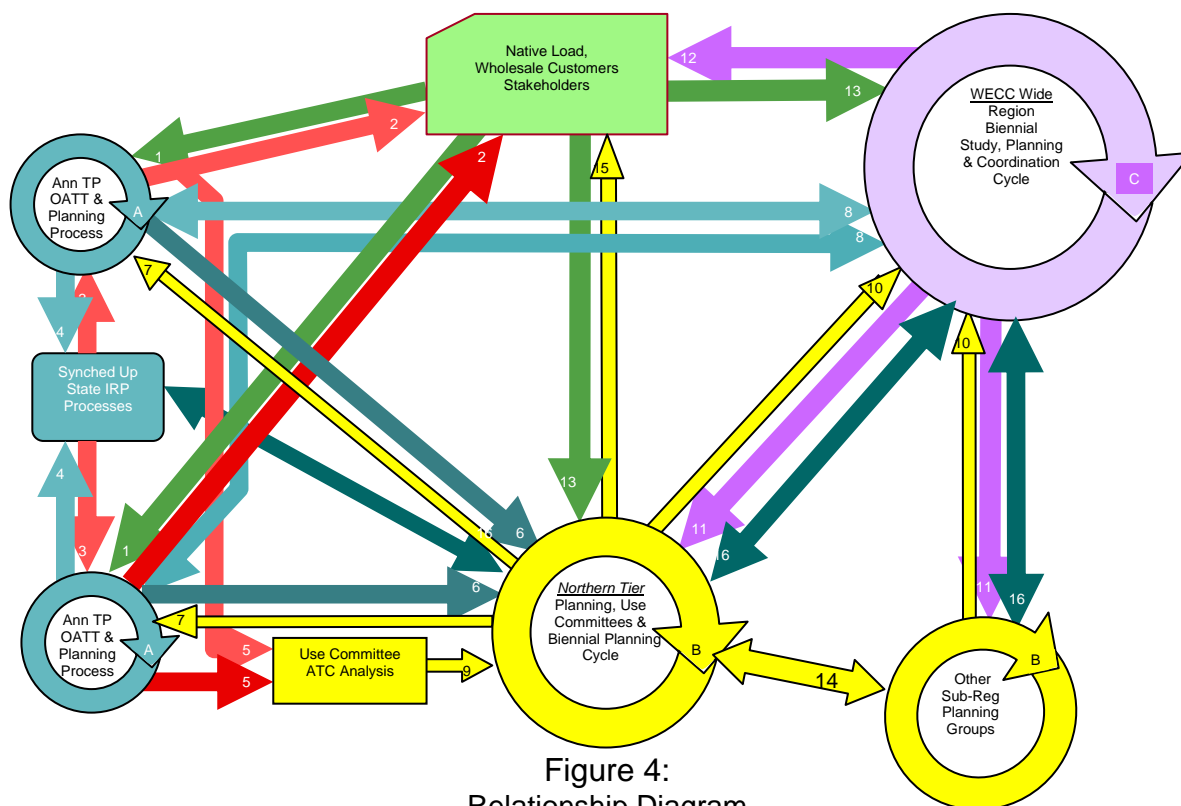


Figure 4:
Relationship Diagram
Synchronized Planning Cycles,
Data and Product Flow
Western Interconnection

Blue: Level 1 - Local
Yellow: Level 2 - Sub-Regional
Violet: Level 3 - Regional

A. Transmission Provider's OATT process

Transmission service on an individual transmission provider's system is governed by its OATT. In the TP local planning process, stakeholder and customer involvement comes via OATT requests, annual NT L&R need identification (from associated IRP processes and other), and stakeholder review/meetings related to TP reliability planning studies. Since the TP is ultimately responsible for insuring compliance with FERC OATT and Order 890 requirements, customer requests are handled formally under the OATT (represented by process arrow 1 and the

Customer Stakeholder Green Box on Figure 4). Each TP planning process involves the following:

- Network load customers (LSE's) go through a load and resource adequacy IRP planning process with each respective state and an open stakeholder process. We propose that this be synchronized with all the Northern Tier states aligning on the calendar and process, and also aligning with the CREPC and WECC L&R Subcommittee annual L&R and Resource Assessment process.
- TP annually acquires firm forecast of load and network resources from customer LSE's and updates system models
- TP does base system reliability study and expansion plan
 - Including requested reliability re-dispatch and analysis and economic expansion alternatives
- Point-to-point (PTP) Customer service requests may come into the TP during an open period
 - Including aggregated or joint requests from customers informed by Sub-Regional and Regional studies, congestion analysis, and planning reports
- System Impact studies performed for individual PTP service requests and which may result in queue position.
- Under this straw proposal, if no ATC is available
 - Planning Re-Dispatch or Conditional Firm Studies are performed by the TP as part of the system impact study
 - Re-dispatch and conditional firm studies utilize congestion studies performed by TEPPC and coordinated by NTTG to identify customer's generation re-dispatch possibilities in other control areas, to the extent possible. The requesting transmission customer would be obligated to make financial arrangements with non affiliate resources and those located in adjacent control areas.
- Under this straw proposal, data on service granted or denied goes into an ATC database and to the NTTG Transmission Use Committee for analysis and to formulate planning study requests to the NTTG Planning Committee. From historic posted Re-Dispatch, costs by unit go into the database and forwarded to Use Committee for reconciliation.
- TP will continue to provide WECC area coordinators with powerflow/stability and production cost data organized by control area, and 10 year plan of system configuration with new required additions to meet customer requests and reliability needs via the WECC reliability coordination procedures

B. NTTG Sub-Regional Transmission Group Planning Process

The purpose of the TP's OATT process is to provide and charge for service on the individual TP's transmission system. Planning analysis required is formally requested and charged to the requesting customers in cases where it is not rolled into transmission rates.

The NTTG straw proposal's purpose for the new sub-regional planning process is to inform customers, stakeholders, and other TP's of the condition of the interconnected system from a broader perspective so that they can make more informed individual service requests of individual providers, or aggregate and partner in pursuit of larger projects and service from coordinated multiple member TPs - service that one provider can't easily provide.

The purpose of the NTTG Sub-Regional planning process is to:

1. Combine individual member's service request forecasts, long range IRP requirements, transmission stakeholder requests and input, and NTTG Transmission Use Committee ATC requests into a combined membership wide load, resource, and service requirement tabulation and explore synergies with customers and stakeholders.
2. Forecast reliability and congestion performance of the member's individual and combined planned transmission system in meeting the combined needs requirements of 1 above. The analysis is performed using TP member staff and analysis capability. NTTG will rely on the TEPPC economic study process to perform required regional congestion studies that will inform NTTG stakeholders as well as better identify expansion opportunities to be studied in the annual planning process.
3. Evaluate (performance and cost) a set of planning committee agreed upon expansion plan alternatives for the combined system, and report on performance and costs of each (See Planning Decision Process and Stakeholder Input below).
4. Prepare, present, and distribute a combined annual sub-regional plan that includes expansion alternatives, assumptions, and estimated expansion project benefits and costs, and recommendation of cost allocation as estimated by the Cost Allocation Committee.
5. By application of the cost allocation principles identified in the Cost Allocation Principles Straw Proposal Paper (Appendix 4), the Cost Allocation Committee will estimate the cost responsibility and cost recovery methods likely for the expansion projects.
6. Coordinate and manage planning with other neighboring sub-regional planning groups where needs and proposed projects overlap or affect one another. Manage by negotiating for NTTG stakeholders their desired alternatives to be included in the western combined regional/sub-regional Annual Combined Study Plan (ACSP) with WECC and the other Sub-regions. Also the NTTG Planning process and Committee will manage any NTTG participation in joint study teams established in the ACSP.
7. Coordinate and manage planning integration and processes with regional WECC/CREPC planning including compilation of annual study plan assignments and data.

The NTTG Sub-Regional Planning process Committee responsibilities are as follows:

1. Planning Committee and its Planning Sub-Committees
 - Manages Annual Sub-regional Planning Process
 - Prepares study plan and obtains TP planners to staff Planning Technical Sub-Committee to perform required studies
 - Facilitates periodic Committee and Subcommittee meetings and process
 - Receives Stakeholder requests and input
 - Coordinates L&R and resource adequacy analysis and data with WECC
 - Selects expansion options for study and inclusion in the study plan, and determines scenarios and assumptions used in studies.

- Prepares request to WECC for planning base cases and annual studies for WECC PCC Study Process
- Prepares economic and congestion study plan request to TEPPC, oversees compilation of production cost data for TEPPC and reconciliation of data with the Transmission Use Committee
- Oversees TP data exchange with WECC
- Develops study resource, manpower staffing (from TP staff) and budget plan for submittal to Steering Committee

Develops economic and expansion evaluation criteria to guide selection of plan projects.

Assembles Study Teams for project studies, Annual and Biennial Plan studies, and report preparation

- Study Team staffing comes from Transmission Providers and interested stakeholders

Oversees the performance of analysis by study teams to identify capabilities, benefits and costs of expansion alternatives, and the breakdown of benefits and costs to benefiting parties and into the types of benefits identified by the Cost Allocation Committee.

Assembles Sub-Regional Plan

- Prepares Plan Report and presents/distributes to interested parties
- Plan contains: the Sub-Regional Transmission Expansion Plan (also referred to as “SRTEP”) that shall enable the transmission needs in the NTTG Region to be met on a reliable, economic and environmentally acceptable basis.

Contents of the Sub-Regional Transmission Expansion Plan

- a) The Plan shall consolidate the transmission needs of the NTTG region into a single plan, which is assessed on the bases of maintaining reliability in an economic and environmentally acceptable manner and in a manner that supports competition in the NTTG Region.
- b) Horizon at least 10 years.
- c) Will identify the costs and benefits of expansion alternatives to best meet the aggregated needs of the members and stakeholders and parse these costs and benefits into the cost types identified in the Cost Allocation Principles Work Group.
- d) Will estimate the most likely cost allocation and ownership method for each project and how costs might be recovered.
- d) Congestion studies showing the costs of congestion (planning re-dispatch) with planned resources with and without the addition of expansion options. Will also estimate the hours of curtailment if re-dispatch from control area owned generation is insufficient for reliability.
- e) Will show results of incremental expansion on various representative constraining paths from load and generation areas of general interest such that customers and

stakeholders can determine the merits of further evaluation of joint projects or the value of participating in an open season.

f) Will:

- Identify projects that unnecessarily duplicate facilities;
- Seek to avoid imposition of unreasonable costs but will identify the costs of expansion proposals
- Consider the legal and contractual rights and obligations of TOs;
- Provide, if appropriate, alternative means for meeting transmission needs;
- Operating assumptions will be based on operational efficiency of wholesale markets;
- Coordination with existing systems and with regional and local plans via the three level combined synchronized planning cycle

Coordinate with other Sub-Regional Planning Groups

- Prepares and manages Joint Study Team agreements
- Negotiates Coordinated regional/sub-regional study plan and study team assignments
- Monitors performance of joint study teams and coordinated study plan

Facilitates the coordination of individual TP OATT Service request processes to align process timing and queue positioning to handle aggregated requests for service involving multiple member transmission systems.

2. Cost Allocation Committee

- a) Develops the transmission line cost classification scheme through grouping types of transmission costs by transmission purpose from accepted practices
- b) Prepares cost allocation principles to be used when determining the appropriate cost allocation method for the various types of transmission costs.
- c) Reviews planning recommendations on split of technical benefits resulting from added transmission expansion and facility rating.
- d) Applies cost allocation principles and recommends cost allocation of expansion projects by parties for a particular Transmission Plan.
- e) Reviews the final Annual and Biennial Plan report for recommendation to Steering Committee.

.3. Transmission Use Committee (duties related to Planning)

- a) Performs statistical ATC and use analysis
- b) Requests Planning Committee to perform (or negotiate with TEPPC to perform) joint ATC, congestion studies, and re-dispatch.
- c) Explores conditional firm product potential availability from historic use
- d) Determines clustered and joint use interest from analysis and from stakeholder input
- e) Requests Planning committee to study expansion alternatives and forecast future planning re-dispatch and conditional firm terms and conditions

- f) Reconciles economic planning production cost data and posted re-dispatch incremental costs

4. Steering Committee

Provides overall NTTG management and dispute resolution

- Approves policies, guidelines, procedures and initiatives brought forward by the other committees
- Insures appropriate resource allocation and cost recovery of committees operating costs
- Fields, negotiates and resolves disputes not resolved at other committee levels and if needed recommends and oversees use of WECC ADR. Disputes can be raised by any participants in the committees including stakeholders and customers

Committees Composition:

The balanced Steering Committee is composed of an executive level representative from each of the member TPs and a state regulatory and/or consumer representative from each of the interested states in which the members have transmission. Decisions are made by consensus and assumed to be balanced and independent of any one member or group.

The Planning and Use committees are composed of TP member staff and interested stakeholders. The committees are governed as described in the attached charters (Appendix 3). The Cost Allocation Committee is composed of representatives of state regulatory and/or consumer affairs governmental agencies from each of the footprint states and other TP and customer/stakeholder interested parties.

Planning Committee/Stakeholder decision process

The Planning Committee/Stakeholder decision process to select projects to include in the planning process and for other decisions is described below:

Stakeholders are invited and encouraged to participate in all three levels of the Annual Combined Synchronized Planning Process. At the TP level their participation is formalized in the OATT tariffs. In Northern Tier's sub-regional planning process, stakeholders are members of the Planning Committee and its sub-committees. A Northwest Regional Transmission Association (NRTA) type voting class structure (see NRTA Bylaws attached as Appendix 5) will be used to make decisions on study plan and to triage the number of planning alternatives to be reviewed in the annual study process. Members of the various classes of stakeholders and TPs will self select their voting representative to the Planning Committee's Policy Committee and instruct them on how to vote representing their class of stakeholders when voting is required.

The annual study plan will include review of congestion studies, historic use and ATC as recommended by the Use Committee, and future requests for study as posted on the planning committee website. The annual study plan will aggregate constrained areas and paths such that a reasonably limited set of representative projects will be studied that will inform participants on the merits of the majority of their more specific expansion proposals.

The Planning committee with recommendations from the Use Committee will develop a list of congestion studies for WECC TEPPC to perform for the annual plan. If in the determination of the annual study plan, there are too many expansion projects to properly evaluate, the Planning Committee shall determine expansion projects for the limited studies.

These recommendations will be made at the annual TEPPC Study Plan Development Workshop where the study plan for TEPPC to meet requirements of the Sub-regions will be established in a prioritization and triage process. It is expected that the Stakeholder class voting representation process will be used also at the TEPPC level to vote on the set of studies if all cannot be accommodated. It will be recommended that the Stakeholder class structure and self selection method of selecting voting representatives be accomplished through an annual Stakeholder Congress process and that customer/stakeholders will coordinate their requirements in the open process so that the TEPPC study plan development process rolled up from the sub-regional requests will be most equitable.

Coordination with Other Sub-Regional Planning and Transmission Groups:

In addition to Northern Tier, within the Western Interconnection there are several other Sub-Regional Planning Groups established. They include WestConnect's Colorado Coordination Planning Group and the Southwest Area Transmission Group, the California Planning Groups, Columbia Grid's Planning Committee, and the two planning arms of the Northwest Power Pool (TPC and NTAC). Each group is composed of member transmission providers with common interests, geography, resource type, jurisdictional/regulatory oversight, or customer demographics. These similarities within each sub-regional group create customer/provider groups with like interests and similar transmission needs at a local or sub-regional level. All are under the umbrella of the WECC and CREPC.

The Northern Tier Sub-regional Planning Group will directly coordinate with neighboring Sub-regional Groups as well as directly with WECC, the regional group. Customers will be free to participate in the sub-regional group they choose and may initiate project ideas where they wish. When a project or expansion plan is such that it affects the members of more than one sub-regional group, the sub-regional groups affected will establish a joint study and stakeholder team to develop the required analysis and planning that will be reported in both sub-regional plans. An annual study plan development meeting will be coordinated by WECC in the Regional Planning Process to triage the number of joint and stakeholder planning studies requested to be done at the sub-regional and regional levels, and to identify the lead planning group for the studies.

C. WECC / CREPC Regional Transmission Coordination and Planning Cycle

Within WECC, there are several regional west wide processes that coordinate both reliability and economic expansion planning. These are:

- Procedures for Regional Planning Project Review
- Procedures for Rating Transmission Facilities (Facility Rating Process)
- Annual Study Plan
- Base Case development

- Data Compilation and Verification Process
 - Powerflow & Stability
 - Loads and Resources
 - Production Cost and Unit Commercial
- TEPPC (See Figure 6 for present TEPPC Planning Cycle)
 - Annual Congestion Studies
 - Economic Study Data Base compilation process
 - Production cost data reconciliation with Sub-Regions re-dispatch price posting data

Standards Development

Operations Coordination

Market Interface Committee

NERC NAESB Coordination and Liaison

A Synchronized Study Cycle

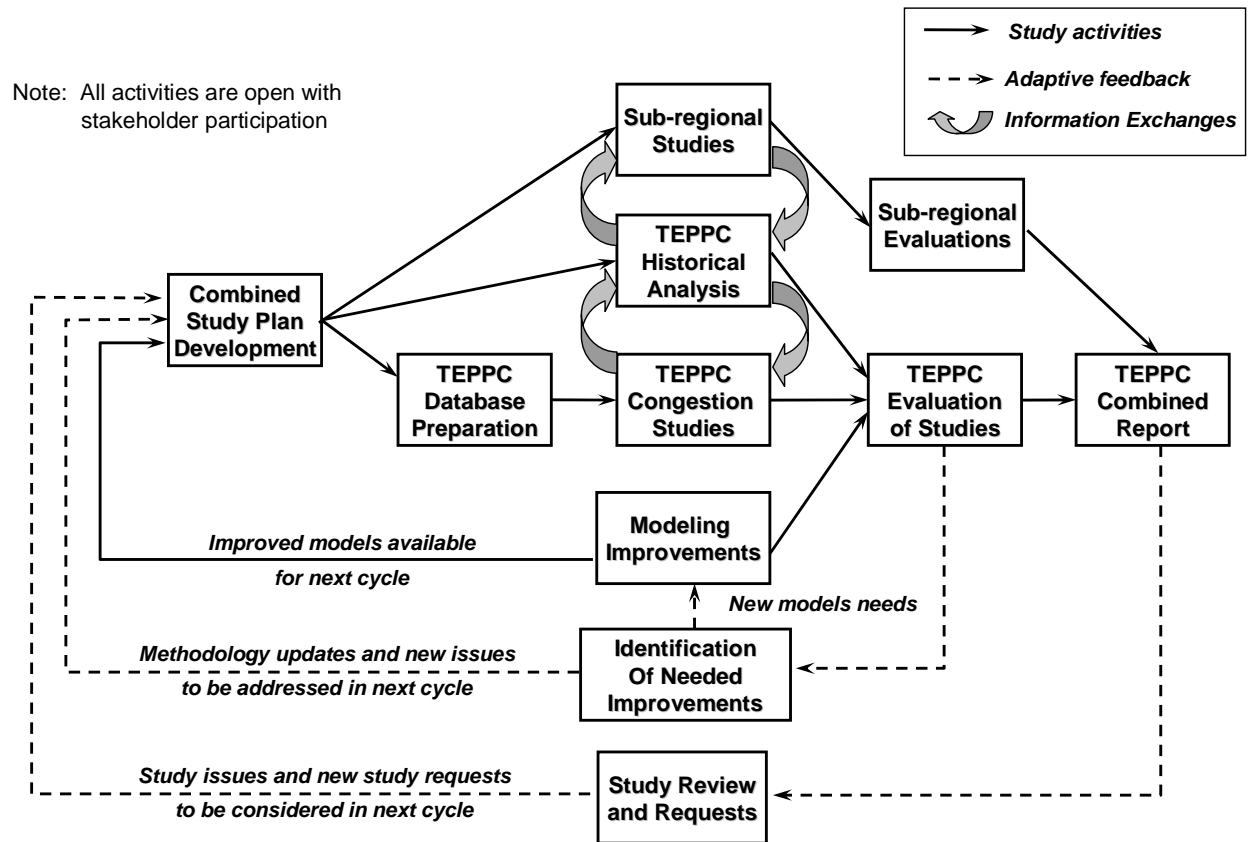


Figure 6: Western TEPPC Study Cycle

Details on the WECC processes are found on www.wecc.biz. For example, the WECC Facility Rating Process is the transmission rating process that project participants should follow to demonstrate that their project meets the WECC Reliability Criteria for Transmission System Planning. This rating process takes place after planning of the facility and is the responsibility of the project sponsor. It provides protection to the existing capability of the system as well as establishes a verifiable rating for the new facilities. Not all projects need to go through the rating process.

This straw proposal proposes to use and keep intact as many of the WECC processes as possible. Following acceptance of the NTTG straw proposal and the corresponding WECC level straw proposal that will be incorporated in this proposal, some fine-tuning or alignment may be needed (see Figure 5).

D. Load and Resource Coordination and Resource Adequacy

Because it will be critical to align individual member planning processes and timing, Northern Tier will attempt to align its LSE's individual IRP process planning calendars. This process will also attempt to align the Northern Tier IRP calendars with other West Wide IRP processes so that consistent Load and Resource assumptions can be made in each of the three levels of planning cycles. This alignment will also give CREPC or the Western Interstate Energy Board (WIEB) and the WECC L&R Sub-Committee the opportunity to evaluate Resource Adequacy and encourage refinement of L&R planning up front in the planning cycle.

Process Agreements:

The annual three-level, combined synchronized planning process relies on the planning cycles at each level exchanging data, studies, standards, information and reports at various and critical times of the year for each level to be successful. Ultimately the TPs are responsible for insuring a planning process that meets order 890. The TP's will be reviewed for FERC compliance and may be assessed civil penalties if any part of the synchronized process fails.

In order to insure the planning processes fit together, formal agreements will need to be established for data and products that need to pass between the TPs, Sub-regional Groups, and WECC/CREPC. WECC now has authority to assess penalties for certain late data and other reporting requirements. This straw proposal proposes that there will be Memorandums of Understanding or other formal agreements between the member TPs, their Sub-Regional Group, and WECC. Also proposed is that there are similar agreements between neighboring Sub-Regional groups in which joint study teams or other coordination is required for success.

Figure 4 illustrates the types of information, data, and products that flow between planning levels and cycles, and that therefore need to have agreements covering delivery, formats, quality, and timing. Figure 5 illustrates the timing alignment of processes in the combined planning cycle.

Below are descriptions of the process relationship arrows in Figure 4.

Arrow 1 OATT Service Request Process - Requests from Customers
Network

- L&R Forecasts from network customers
- PTP
- Request for Study
 - Request for Service
 - Joint or Aggregated requests from customers based on Sub-Regional Plan

Arrow 2 OATT Request Response from TP to specific customer

- Impact Studies
- Queue Position

- PTP & NT Service
- Arrow 3 IRP Process
- Synchronized Network & Native Customer Load forecast
 - Synchronized Resource Plans
- Arrow 4 Customer L&R Forecasts
- Arrow 5 Path ATC and Use History
- Historical unit re-dispatch cost data
- Arrow 6 Staffing for Sub-Regional level Planning Studies
- TP Annual 10 year Exp Plan
 - Base Case development request
 - Copy of data sent to WECC
- Arrow 7 NTTG & WECC Coordinated 2 Yr Plan
- Data Review
 - Data coordination standards
 - Other Rules & Standards
- Arrow 8 Data to WECC
- Confidential Powerflow and Stability Data
 - Confidential Production Cost Data
 - System Configuration and Constrained area bubble diagrams
 - Control Area configuration data
- Arrow 9 ATC and Expansion Study Requests
- Congestion Study requests
 - Joint congestion, re-dispatch, conditional firm study requests to Planning Committee
 - Validated Re-dispatch Prices report
- Arrow 10 Congested Area bubble diagram and system organization
- Data rules and organization into Control Area
 - ATC paths
 - Coordinated 10 Sub-Regional Plan & Report
 - Subregional Guidelines and Standards
 - Aggregated base case development plan request
 - Coordinated L&R
- Arrow 11 Annual Triaged Study Plan
- West Wide 2 Year Plan
 - Standards
 - Congested Path Ratings
 - Annual Congestion Studies

- Arrow 12 Study Reports
- Informing Congestion Studies
 - Informing Biennial 10 Year Plan
- Arrow 13 Direct Customer Coordination and input into Planning Processes
- Direct Customer Planning Study Requests
 - Cluster Study Requests
 - Stakeholder determination of triage of study plan
- Arrow 14 Coordination of Overlapping or Affecting projects
- Establishment and management of Joint Study Teams
 - Data coordination
 - Standards coordination
 - Seams coordination
 - ATC and other
- Arrow 15 Informing Studies and Expansion Plans
- ATC Map and Use Products
 - L&R Summary
- Arrow 16 WGA WIEB CREPC Coordination
- Resource Adequacy Reporting
 - Planning Reserve Analysis

Figure 5 – Annual Combined Synchronized Planning Cycle

Figure 5 illustrates how the three level planning cycles fit together in the Annual Combined Synchronized Planning Cycle. This straw proposal uses this diagram as an example of the fit that will need to be coordinated and designed in the final detail for Attachment K. It is likely that to align with the WECC and other Sub-Regional Processes, that the NTTG Planning Process will have a two year process for long range expansion and an annual process for congestion and near term or fast track expansion.

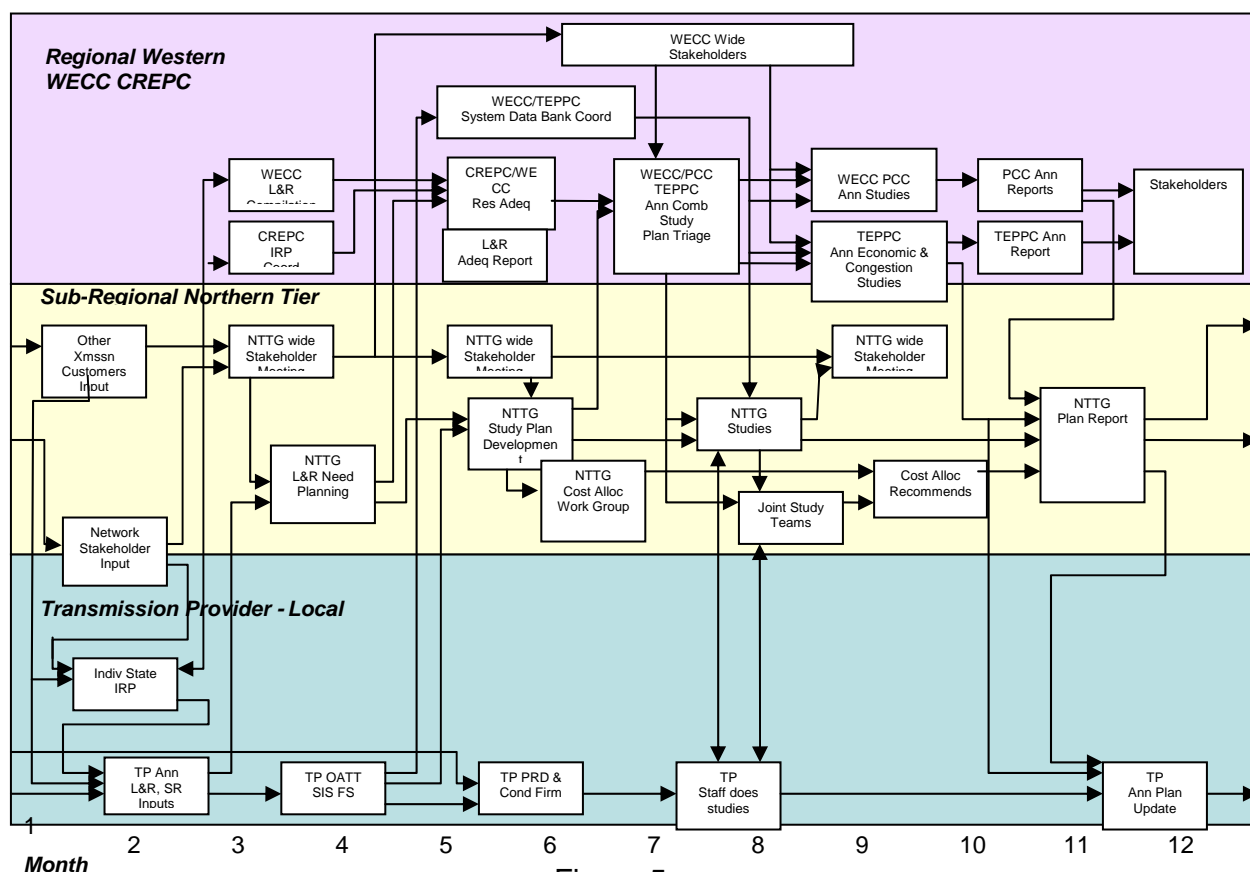


Figure 5:
Annual Combined Synchronized Planning Cycle

Attachments:

- Figure 1 - Combined Northern Tier Member Transmission System
- Figure 2 - Two Step Planning and Implementation Process
- Figure 3 - Three Level Planning Process
- Figure 4 - Relationship, Data, Product Flow Diagram
- Figure 5 - Annual Combined Synchronized Planning Cycle - Sequence Diagram
- Figure 6 - TEPPC Study and Planning Cycle
- Appendix 1 - FERC 890 Planning Requirements
- Appendix 2 - FERC 890 Requirements for Re-Dispatch and Conditional Firm
- Appendix 3.a - NTTG Planning Committee Charter
- Appendix 3.b - NTTG Transmission Use Committee Charter
- Appendix 4 - Cost Allocation Principles Work Group Straw Proposal Paper
- Appendix 5 - NRTA Governing Agreement