

Description of Meeting:	NTTG Cost Allocation Committee
Meeting Date:	June 7, 2017
Meeting Notes Prepared By:	Amy Wachsnicht
Approved for Posting:	July 19, 2017

1. Agenda:

- a. Establish Quorum Requirements & Agenda Review
- b. Stakeholder comments on NTTG 2016-17 Draft Regional Transmission Plan & NTTG Responses
- c. Approval:
 - i. **RESOLVED:** that the NTTG Cost Allocation Committee approves the NTTG responses to stakeholder comments on the NTTG 2016-2017 Draft Regional Transmission Plan
- d. Round Table/Other Business

2. Discussions & Decisions:

Discussion: Welcome & Agenda Review

- Sharon Helms welcomed everyone and since the last Cost Allocation Committee (CAC) meeting was held in June 2016 took the opportunity to welcome new members.
 - Amy Light took a new position at Portland General and resigned as the Chair of the CAC. Shaun Foster took her place on the committee as Portland General's member representative.
 - With Amy Light's departure, Courtney Waites has assumed the role of the committee Chair.
 - Bob Davis with the UT Division of Public Utilities has replaced Joni Zenger.
 - Stephen Goodson replaced Gene Fadness as the member representative for the ID Public Utility Commission.
- Sharon Helms also indicated that the Planning Committee Chair, Craig Quist and the Vice-Chair, Chelsea Loomis were invited to attend this meeting to answer any questions members of the CAC had on how Planning conducted its work and came to the conclusions they did.
- Courtney Waites reviewed the agenda, responsibilities of the CAC as well as the purpose of the meeting.
 - Per Attachment K, the CAC is charged with the task of allocating costs to Beneficiaries of transmission projects selected into the Regional Transmission Plan for cost allocation purposes.
 - The Gateway projects were not submitted for cost allocation, and were not reviewed for that purpose by the CAC.
 - Since cost allocation was not requested and no analysis was done to identify beneficiaries, it is the Planning Committee's responsibility to address stakeholder comments. This was done, and the comments were reviewed with Stakeholders and the Steering Committee.
 - The next step is to request the CAC to approve the comments:
 - With an acknowledgement that both the Planning and Cost Allocation Committees are responsible for development of the NTTG's RTP (although the CAC's role is limited to allocating costs), and
 - to allow for the discussion with the CAC on why the responses were drafted in the manner they were.
 - The Draft Final Regional Transmission Plan (DFRTP) will be posted on June 30th followed by an open comment period to allow stakeholders the opportunity to comment on the DFRTP.

Discussion: Stakeholder comments on NTTG 2016-17 Draft Regional Transmission Plan & NTTG Responses

- Prior to the CAC discussion on the stakeholder comments, specifically Comment ID #1 from the Utah Association of Energy Users (UAE) & Wyoming Industrial Energy Consumers (WIEC), John Leland walked through the comments at a high level, adding additional explanation specific to NTTG's regional processes.
- There was a concern from UAE and WIEC about the disconnect between reliability planning and cost responsibility on a localized basis.
 - John Leland indicated that within Attachment K, there are distinct processes for local and regional planning and cost allocation.
 - NTTG rolls up the local area plans submitted by the local transmission providers, and Planning evaluates different alternatives (transmission or non-transmission) on a regional level to see if there is a more efficient or cost-effective solution that meets the needs of the region. NTTG does not include the lower voltage transmission systems in its analysis, only those projects that would be regionally significant such as Boardman to Hemmingway (B2H) and Energy Gateway.
 - This cycle NTTG did not have a regional cost allocation.
- UAE and WIEC had concerns that the need for the Energy Gateway project had not been sufficiently demonstrated and that many of the benefits of the project would likely be to those outside of the PacifiCorp system and outside of NTTG.
 - Since NTTG rolls up the local plans (which would include the local resource and load forecast), it relies on the transmission provider's local planning process to follow Orders 890 and 1000.
 - From a regional basis, NTTG can describe how the studies were conducted and if it can find a plan that is more efficient or cost effective from a regional perspective.
- UAE and WIEC also expressed concern with the current ratemaking methods. While they understood that ratemaking issues are outside the scope of NTTG, the needs may not be reasonable or just to the extent the cost or risk of those resources fall on retail consumers.
- They also felt the draft plan should indicate the need for the Energy Gateway project is driven by factors other than serving PacifiCorp's native load and does not address cost allocation or cost responsibility.

Discussion: Cost Allocation Committee Discussion

- There was discussion around state commission's involvement in the cost recovery for projects. It was explained that in Utah, PacifiCorp transmission assets are in retail rate base and the retail customers are charged for cost recovery based on the allocation of costs. Any revenue that comes through the FERC OATT, come through as a credit. This is one of the reasons the state commissions are interested in NTTG's regional plan and the ramifications of how that plan may affect the view of state commissions for cost recovery.
- Clarification was asked on the difference of how projects were evaluated between last cycle and this cycle, as well as the different scenarios being looked at for future conditions such as the greater flows of wind power to California.
 - This cycle, NTTG evaluated interregional projects which purpose was to move Wyoming wind in addition to what is in the plan. NTTG studied the export of wind above what was planned for in the local plans to serve native loads, however the resources studied in Wyoming were to serve native loads. With regards to the regional project analysis, NTTG looked at the needs of the footprint for an Alternative Project to replace Energy Gateway or B2H.
 - Last cycle, all the segments of Energy Gateway were submitted as an "all or nothing" project. Recognizing large projects are staged over time, it was determined that 10 years out, the entire project was not needed and NTTG came up with an Alternative Project similar to parts of Energy Gateway.

- This cycle, Energy Gateway was submitted in segments. NTTG evaluated several change cases looking at different loads and transmission combinations to meet the needs to move wind to meet PacifiCorp loads.
- With regards to the high Wyoming wind scenario, as it is understood, Energy Gateway is needed due to reliability of transfers, but a high wind scenario would mean that wind is being transferred out of the region and not serving PacifiCorp local retail load. This points back to UAE and WIEC's comments that there is a disconnect between a plan that meets regional needs versus local needs. It was suggested that the plan should make a clear that it is looking to solve regional needs, but the cost may end up being local for local retail rate payers paying for transmission.
- UAMPS shared the same concern. In the local plan, there is no requirement or criteria that a utility's local plan has to have an approved resource plan. It was asked if there was a requirement in Attachment K or NTTG criteria that would require an entity to have an approval of their local plan before being rolled up into the regional plan.
 - It was indicated there was not. When writing the Attachment K language, there was a need for separation between local and regional planning, because the decisions are made at the local level and members did not want the regional process second guessing the local process.
 - It was added, that up until the time a project is committed, by having the right of way, it is up for reevaluation every cycle.
- John Leland reminded members that the DFRTP will be posted at the end of the month and open for stakeholder comments. The plan does not address cost allocation because there were no requests. With regards to the wind resources, NTTG relied on the local transmission and resource planning. He also indicated that the regional plan is not a construction plan and should be used to inform the utilities and agencies, any implementation and changes would need to come through the local process.
- Deseret indicated they had concerns with the high wind scenario being the justification of the Energy Gateway project as well as with the cost allocation process. When using production cost modeling (PCM), one can craft the solution they want based on the scenarios and tailor them to drive the outcome. Another concern was the characterization of Change Case 23 which supports Energy Gateway as the most reliable and economic outcome.
 - While it won't be used in this cycle and not for cost allocation, Deseret indicated a study they would like to see is one that contemplates the economic dispatch of the wind generation in Wyoming instead of making a must run. It was explained to have the wind shapes developed as an input, and to the extent it is no longer economic to generate, the wind would not generate the remainder of that shape, it would be curtailed.
 - Also, when considering the cost of Energy Gateway, to add the incremental cost of the generation amortized over a 30-year period which may show it is more expensive than running a coal generator for 3% of the hours, or a natural gas fired generator.
 - It was pointed out, that the suggestion above appeared to be advocating for a full integrated resource planning, and that is not in the scope of Attachment K. Given that, it was suggested that a caveat be added, that NTTG does not contemplate that.
- It was explained that relative to PacifiCorp's 1,100 MW of wind, it was a part of their IRP analysis and not based on the zero cost of wind fueled, but also the capital cost of building the project. The justification of the 1,100 MW was not the high wind scenario and that the reliability issues surfaced even when the 887 MW of incremental wind in Q1 were excluded.
- Once the DFRTP is posted, John Leland encouraged members to take advantage of the open comment period to submit their comments as well as any suggestions that NTTG should consider next year such as alternatives.
- One of the concepts Deseret tried to convey in their comments submitted on the Draft Regional Transmission Plan (DRTP), was not to change the DRTP but add caveats in the document so that the reason Energy Gateway was selected is clear to regulators who

approve the construction of the line. That it is based on the full wind being dispatched for a small portion of the year when the line is over loaded.

- Sharon Helms explained that in the Attachment K, non-transmission alternatives are an option, and can be submitted next cycle in Quarter 1. As background, the change cases came from information submitted by the transmission owners and stakeholders. Anyone has an opportunity to submit a non-transmission alternative to be considered. Sharon Helms encouraged members to submit requests for non-transmission analysis consideration, following NTTG processes and using the NTTG data submittal form. She also requested that when the DFRTP is published, those who do want to submit comments to be specific on what might improve the plan.
- Given the discussion and concerns of CAC members, it was asked if the committee would have an opportunity to revise NTTG's responses prior to voting for approval.
 - It was explained that while there is an opportunity for the committee to suggest changes, however this would require input and another approval from the Planning Committee as they are the ones responsible for creating the responses.
 - Given the time constraints, it was suggested that the committee proceed with the vote, understanding there are concerns. Since the DFRTP will be published at the end of the month followed by an open comment period, committee members have the opportunity to submit their comments and recommendations as discussed during today's meeting.

Decision: Approval:

- **RESOLVED:** that the NTTG Cost Allocation Committee approves the NTTG responses to stakeholder comments on the NTTG 2016-2017 Draft Regional Transmission Plan
- With a motion by Bob Decker and second by Larry Nordell the above resolution was **approved by the majority of members present**. The records note the vote was as follows:
 - Class 1 Members
 - Approved: Idaho Power, NorthWestern, PacifiCorp, Portland General
 - Opposed: None
 - Abstained: MATL, UAMPS, Deseret
 - Class 2 Members
 - Approved: MT Consumer Council, MT Public Service Commission, WY Office of Consumer Advocates, WY Public Service Commission
 - Opposed: UT Office of Consumer Services
 - Abstained: ID Public Utilities Commission, UT Division of Public Utilities

Discussion: Round Table/Other Business

- Sharon Helms encouraged members to attend the next NTTG Stakeholder Meeting held on June 29th in Boise, ID.

3. Assignments:

Item #	Assignment	Owner	Target Date	Status
1.				
2.				
3.				
4.				



Next Meeting: The next Northern Tier Cost Allocation Committee Meeting is scheduled for TBD.

- Dial: **(626) 425-3121**
- Access Code: **432-608-245**



Attendees:

NTTG Cost Allocation Committee Member Representatives

Membership Class 1		
Travis Allen, MATL	Shaun Foster, Portland General	Kim McClafferty, NorthWestern
Jamie Austin, PacifiCorp	Clay MacArthur, Deseret	Courtney Waites, Chair, Idaho Power
Marshall Empey, UAMPS		

Membership Class 2

Bob Davis, UT Div. PU	Belinda Kolb, WY OFC CA	Larry Nordell, MT CC
Bob Decker, MT PSC	Marci Norby, WY PSC	Bela Vastag, UT OFC CS
Stephen Goodson, Idaho PUC		

Other NTTG Members & Guests

Sharon Helms, NTTG	Nathan Powell, Deseret	Phil Solomon, Deseret
John Leland, NTTG	Craig Quist, PacifiCorp	Amy Wachsnicht, NTTG
Chelsea Loomis, NorthWestern	Ron Schellberg, NTTG	