



NTTG Order 1000 Stakeholder Comment and Input Form Your input on Northern Tier's processes are important to us. Please submit comments to info @ nttg.biz			NTTG Response 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.			
Received via info @ nttg on June 8, 2012 June 11, 2012: Assigned to the Cost Allocation Compliance Workgroup Commentor Contact Information Date: June 8, 2012 Name: Vicki M. Baldwin Organization: UIEC			NTTG Tracking Info Date Received: June 8, 2012 @ 10:29 AM (PST) Committee Assignment: NTTG Cost Allocation Compliance Workgroup Date Assigned: June 11, 2012			
Comments			DRAFT RESPONSE			
Source Document	Page / #	Comment	ID#	Title	Response Date	Draft Response
NA		We do not support the effort to determine losers and to determine a way to compensate losers in a particular scenario. Compensation would appear to be more appropriate with cost recovery. Also, as FERC states in para. 556 of Order 1000-A, "Planning of new transmission facilities in a regional transmission planning process involves assessing how such facilities will affect the existing transmission grid and how they will benefit users of the grid within the relevant region." Nothing is said about evaluating anything outside the relevant region. The examples in the meeting talked about losers in other regions, which appears to be outside the scope of the Order 1000 mandate. FERC continues: "Cost allocation for new transmission facilities that are selected in a regional transmission plan for purposes of cost allocation similarly involves assigning the costs of those facilities in a manner that accounts for the identified benefits." Identifying losers and trying to compensate losers sounds like cost recovery, which FERC has stated is not the same as cost allocation. Costs being commensurate with benefits means that costs are allocated to those who benefit. If someone doesn't benefit, they should not be allocated any costs. Whether costs are zero or negative, they do not get allocated costs. It seems that cost recovery would be where a losing entity, if any, would try to get compensation for any negatives. Finally, in paragraph 584, the Commission states: "Order No. 1000 does not deal with operating problems on existing transmission facilities but rather solely with benefits to be derived from new transmission facilities that regional participants themselves select as having broad regional benefits, and it deals with cost allocation for such new facilities as integral to transmission planning."	59	UIEC #21	6.13.12	NTTG is exploring metrics that may be used to measure economic benefits of projects being considered for selection for cost allocation. To the extent that these metrics identify project benefits and dis-benefits for an entity, and that project is selected for cost allocation, a net benefits standard will be applied such that cost allocation to that entity will be based upon—among other potential methods/metrics/conditions—the identified benefits net of the identified dis-benefits. Costs will not be allocated to parties whose dis-benefits are greater than their benefits, and such parties will not be compensated for net dis-benefits through the NTTG Order 1000 cost allocation process, as currently planned.
NA		UIEC would also like to point out that the Commission has clarified that while the consideration of non-transmission alternatives to transmission facilities may affect whether certain transmission facilities are in a regional transmission plan, cost allocation of such alternatives is beyond the scope of Order 1000 because it is only concerned with the allocation of costs for new transmission facilities. See paragraphs 738 & 745. In addition, contrary to what was suggested at the meeting on 5/24 and is stated on page 45 of the Cost Allocation presentation from that day, it would seem that what has been termed "Conditional Cost Allocation" does not require acceptance by the "Type B party." It is our understanding that the requirement that cost allocation be accepted by a party is only if that party is outside the region.	60	UIEC #22	6.13.12	Comment acknowledged. NTTG continues to explore options for compliance with the referenced sections.

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NA		<p>We were glad to see the proposal to have more granularity in the cost allocation methodology. We believe that Order 1000 clearly requires this and that this is made even more clear in Order 1000-A. In paragraph 574 of Order 1000-A, FERC notes that benefits are anything "in connection with" transmission of electric energy. Throughout the Order, FERC refers to entities and never indicates that beneficiaries have to be jurisdictional entities. In paragraph 576, FERC identifies free riders as entities who do not bear cost responsibility for benefits that they receive in their use of the transmission grid. This would appear to include almost any kind of entity. In paragraph 592, the Commission discusses the reality that "any entity connected to the transmission grid may benefit from a transmission facility whether or not it is connected to, or specifically requests service from a particular transmission facility for which costs have been allocated." Order 1000 is "intended to ensure that all of these beneficiaries are allocated costs roughly commensurate with the benefits they receive in their use of the transmission grid." Importantly, in paragraph 620, the Commission states: "we disagree with Northern Tier Transmission Group that the Commission is impermissibly imposing recovery of transmission construction costs on non-jurisdictional entities, as Order No. 1000 did not address matters of cost recovery." Finally, in paragraph 680 the Commission states that stakeholders may consider allocating costs directly to generators as beneficiaries, and refers to interconnection customers being allocated costs.</p>	61	UIEC #23	6.13.12	Comment acknowledged. NTTG continues to explore options for compliance with the referenced sections.
NA		UIEC believes that "roughly commensurate" should be interpreted to mean commensurate with actual outcomes.	62	UIEC #24	6.13.12	Comment acknowledged. NTTG is pursuing options for ensuring costs are allocated roughly commensurate with benefits.