NORTHERN TIER TRANSMISSION GROUP

Description of Meeting:	**NTTG Cost Allocation Committee**
Meeting Date:	**August 6, 2014**
Meeting Notes Prepared By:	**Amy Wachsnicht**
Approved for Posting:	**August 19, 2014**

1. **Agenda:**
   a. Roll Call and Agenda Review
   b. Review of Regional Requirements: When do we do cost allocation?
   c. Review of Attachment K language on Cost allocation scenarios
   d. Options for Developing Scenarios
   e. Preliminary List of Variables to be Represented in Scenarios
   f. Round Table/Other Business

2. **Discussions & Decisions:**

Discussion: Roll Call and Agenda Review

- It was noted the NTTG Cost Allocation Committee meetings are public meetings which will include the participation from other NTTG members and stakeholders.
- The joint workgroup meeting in Bozeman, MT will be an open meeting of the NTTG Technical Workgroup and the Cost Allocation Committee.

Discussion: Review of Regional Requirements: When do we do cost allocation?

- There are two categories for cost allocation:
  - At request of project sponsor of project selected as part of the regional plan
  - Unsponsored project(s) selected as part of the regional plan
- NTTG did receive a cost allocation request from LS Power, however the project could be considered as an interregional project as it goes beyond the borders of NTTG. It starts at Mid-Point, Idaho and goes south to the Phoenix area.
  - The proposal was for the project to be an addition to the NTTG regional plan and did not request to displace any projects.
  - The process NTTG will follow is to find a regional plan that is more efficient or cost effective with the additions of a project.
  - Since the interregional process has not yet been approved by the commission, which would require an interregional project be selected into the regional plan of each affected regions, Planning would proceed analyzing the project as they would analyze a strictly regional project.
- As the planning process progresses, there could be any number of unsponsored projects identified.

Discussion: Review of Attachment K language on cost allocation scenarios

- "create allocation scenarios for those parameters that likely affect the amount of total benefits of a project and their distribution among Beneficiaries."
- "variables in the allocation scenarios will include, but are not limited to, load levels by load-serving entity and geographic location, fuel prices, and fuel and resource availability."
- "Cost Allocation Committee will give consideration to alternative resource planning scenarios developed by transmission providers within the NTTG Footprint as well as scenarios developed by other regional and Western Interconnection entities." (Emphasis added.)

- Curt indicated the language he pointed out in Attachment K is the ground work for what the Cost Allocation Committee needs to be thinking about when coming up with scenarios.

Discussion: Options for Developing Scenarios

- The three metrics that Planning will be using to select projects into and out of the regional plan are also the three metrics cost allocation will be using in terms of allocating the costs of any project that requests a cost allocation in the plan:
    - Change in capital costs as a result of adding to or deferring a capital cost that would otherwise be occurred in the initial regional transmission plan
    - Change in reserves
    - Change in energy losses
- While these are the metrics are expressly mentioned in Attachment K, there could be others that the Cost Allocation Committee might look at as well.
- Load growth and development of resources is a key part of any scenarios used by any of the TP's as part of their transmission planning as well as the western interconnection level by TEPPC.
- Curt Winterfeld requested that the transmission providers discuss the variables and scenarios that are being used as part of their resource and transmission planning.
- NorthWestern
    - Load growth is important
    - For Resources and needs: relied on market, but recently adding wind generation, reserves is an important aspect with that; acquiring approx. 600 MW of hydro; anything associated with hydro and coal units in their stack are uncertainties that folks are thinking about; DSM activities, don t know if those are changed, and come up with a forecast for that
    - Curt Winterfeld: To what extent do resource planning scenarios carry over into transmission planning?
        - John Leland: Look at what proposed for generation, in particular wind, to move load on/off the system; big factors on change to topology;
            - Location of future generators is critical in Transmission planning; Load and load growth are looked at as uncertainties and are factored in.
            - Cost and uncertainty for transmission and generators; environmental policies and rulings
            - IRP utilized load and resource from stakeholders that will include merchant and customer forecasts
            - If IRP is assessing new generator; Northwestern doesn't have load growth others do
    - Curt Winterfeld: Are you doing all your resource planning on adverse water conditions or something other?
        - John Leland: We need to look at both conditions. From the transmission side we can have different reliably issues under high or low hydro.
            - With wind we look at different levels all the way down to zero.
    - Curt Winterfeld: Did the state agencies do something differently?
        - John Leland: We do have an advisory committee that meets quarterly and do have participation from the state agencies and other stakeholders and try to get their input throughout the process.
        - Larry Nordell: There is no agency to do an independent study of that unless it would be an ad hoc or individual request or part of a rate proceeding.
- PacifiCorp
    - IRP process and planning process similar to NorthWestern's

  - In the IRP process PAC does apply other factors as legislation appears on the horizon, CO2 levels, recent DOE GHG ruling (111d) that will initially impact coal.
  - Curt Winterfeld: PacifiCorp was also looking at various resource models, but also including specific segments and transmission projects in their IRP; which is somewhat different than other transmission providers correct?
    - Brian Fritz: Yes, main reason is it takes so many years to permit, site and build long haul transmission line, felt that as a company needed to start including those long linear projects in the IRP cause transmission can't keep up with new generation as its sited and placed. Particularly when looking remote wind, solar and long haul transmission to get to load. These can be sited and placed long before transmission approvals.
  - Curt Winterfeld: What you are describing is that in the transmission planning process you are using the same tools for resource planning.
    - Brian Fritz: Correct. On the transmission planning side the information received from the load and resources goes into the development of scenarios.
  - It was noted that NorthWestern also follows a similar process.
- Idaho Power
  - Similar to PAC the major resource addition was the B2H in our IRP process
  - Courtney Waites indicated that she was new to the process and did not have a chance to get details from those who were knowledgeable.
- PGE
  - Transmission planning and the IRP are held very separately.
  - Amy Light indicated she is on the transmission side which makes her knowledge of the IRP very limited.
  - Transmission is not very well integrated in the IRP it is purely resource planning.
  - There are 35 different future scenarios that are applied across potential resource projects.
- Curt Winterfeld indicated that he was not prepared to discuss the TEPPC scenarios and suggested that discussion be deferred to the next meeting.
- Johanna Bell commented that she was interested in hearing additional information on Idaho Power's process as well as TEPPC in more detail.
  - These topics will be discussed at the next Cost Allocation Committee meeting.
- Planning Committee Base Case:
  - 2024 TEPPC Base Case, and will define the number of hours that will be selected as the hours of interest (high stressed hours)
    - 5 different hours will be selected
    - Then transfer that data into powerflow cases
  - The Initial plan is the actual roll up of TP's plan; then the Technical Workgroup (TWG) will run powerflow cases on the initial plan to determine if there is any reliability or other issues
  - From the Initial Regional Plan, The TWG will try to improve the initial regional plan by looking at **SWIP** and other potential Unsponsored Projects or non-transmission alternatives and adding a transmission project(s).
  - Planning will also look at the 3 metrics to help select the draft regional plan.
  - Members are finding that time is going to be a critical factor.
  - Once the draft regional plan is established, scenarios will be used to test the robustness of the plan.
  - Once we have a 'solved" Draft Regional Transmission Plan is when we test the robustness of that plan.
    - We are currently looking at the loads right now to make sure they make sense.

- Planning is looking at different load and resource conditions throughout the year but not different conditions of different assumptions.
    - Cost Allocation is looking at something different: Not only different load conditions throughout the year, but the load that is represent, those conditions would be based on a different set of L&R and other parameter assumptions that could potentially change every hour in that year.
- It was discussed that the Cost Allocation Committee needs to put together scenarios that are meaningful and fit into the process and can be a task that Planning can undertake.
    - Since timing can be an issue it was requested that the committee prioritize their scenarios.
    - Planning is planning to run some scenarios (not defined at this point) that could encompass some of what the Cost Allocation Committee wants to look at as well which could help on the time management.
- Possible suggestion was that since the base case originated with the TEPPC base case, look at the inventory of alternative scenarios developed by TEPPC; Or
    - Start with TEPPC database and do NTTG's own modifications of that data base for the NTTG footprint. This will require a lot more effort on NTTG's part and could raise issues on the consistency of the balance of western interconnection.
- John Leland: Test if generator is located differently than the assumptions of the Planning Committee? Are you thinking of that is a PCM change or changing the Powerflow base case (not changing the future from the power flow case, but change where resources, such as wind) placed and adjusting other resource dispatch) result in a total different level of workload between those two.
    - Curt Winterfeld: My understanding is in your base case the TWG is using PCM to review the data and select potentially high stressed hours and based on selection of hours, running load and resource conditions in powerflow model. I was suggesting if we were to do alternative scenarios (e.g. instead of TEPPC base case, use TEPPC alternate case and use same process as in the base case and see outcomes in terms of whether a project is selected or not)
    - John Leland - If you go back and change the topology as a result of a scenario that you've come up with (e.g. this generator that is in the draft regional plan is not going to be there, we want it over here)….the plan that you come up with may not be a reliable plan, but we would want to make sure that alternative scenario proposals are also reliable. This puts us back in the path of re-doing all the analysis to get to a reliable plan.
        - Vs. just changing the generator location and adjusting generation dispatch in a powerflow analysis.
- While it is good to talk in theory about the scenarios, there needs to be a first step of trying to understand what is really capable of being done practically in terms of the scenario analysis in planning.
    - It was suggested that this be a topic of discussion during the two day workshop in Bozeman, MT following the NTTG stakeholder meeting.

Discussion: Preliminary List of Variables to be Represented in Scenarios

- Discussion deferred.

Discussion: Round Table/Other Business

- Next Meeting – August 19th starting at 9:00am (Pacific)/10:00am (Mountain)
    - Topics of discussion include TEPPC and Idaho Powers process in more details.
    - John Leland indicated he will be participating in the next meeting as well and will bring more insight from Planning back to the group.

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3. Assignments:

Item #	Assignment	Owner	Target Date	Status
1.	Invite Rich Bayless to participate on the 8/19/2014 Cost Allocation Committee to discuss TEPPC scenarios	Sharon H	8/8/14	Complete
2.	Confirm participation of Idaho Power's IRP representative for the 8/19/2014 Cost Allocation Committee to discuss IPCO's IRP process	Courtney Waites	8/13/14	In Progress
3.				
4.				

Next Meeting: The next Northern Tier Cost Allocation Committee Meeting is scheduled for August 19th at 9:00am Pacific.

- Voice Conference Mtg. Dial (**619) 550-0003**
- Conference ID: **673-343-765**

Attendees:

NTTG Planning Committee Member Representatives		
Membership Class 1		
Marshall Empey, UAMPS	John Leland, NorthWestern	Courtney Waites, Idaho Power
Brian Fritz, PacifiCorp	Amy Light, Portland General	Curt Winterfeld, Chair, Deseret

Membership Class 2		
Johanna Bell, ID PUC	Sam Liu, UT Div. PU	Larry Nordell, MT CC
Belinda Kolb, WY OFC CA	Marci Norby, WY PSC	Bela Vastag, UT OFC CS

Other NTTG Members & Guests		
Sharon Helms, NTTG	Kim McClafferty, NorthWestern	Amy Wachsnicht, NTTG
Chelsea Loomis, NorthWestern		