



Renewable
Northwest
Project



Comments of
Renewable Northwest Project, NW Energy Coalition
and American Wind Energy Association
on the
NTTG Order 1000 Stakeholder Meeting (August 1, 2012)
August 31, 2012

These comments are submitted by the Renewable Northwest Project (“RNP”), the NW Energy Coalition (“NWECA”), and the American Wind Energy Association (“AWEA”).

We appreciate the continued opportunities to provide comments in the process for developing NTTG’s Order 1000 compliance filing. The comments here respond to version 1.8 of the Northern Tier Transmission Group Regional Planning and Cost Allocation Practice (dated July 16, 2012) and discussion at the NTTG Order 1000 stakeholder meeting in Boise on August 1, 2012.

This process has been very productive thus far. Our view of where things stand today is that: (1) significant progress has been made in enhancing the NTTG planning process in accordance with Order 1000; and (2) developing cost allocation metrics and analytical tools for measuring the economic benefits associated with new transmission solutions is proving difficult, given the bilateral nature of the Northwest market and NTTG’s footprint.

In light of these observations and mindful of the looming compliance filing deadline, we have the following suggestions and questions:

- 1) The possibility has been raised that NTTG members consider asking the Commission for conditional acceptance of their compliance filings, to allow additional time to explore and develop new modeling capabilities to facilitate more effective estimation of economic benefits in the regional cost allocation methodology. If such an approach were to outline a clear timeline for addressing the modeling issues, we would be interested in exploring this option and would consider providing support for such an approach at the Commission.
- 2) One important part of addressing the difficulty of developing strict metrics for cost allocation is to ensure that there is an open, transparent and balanced decision-making process for allocating costs. We appreciate that NTTG’s cost allocation committee fully incorporates state agency representation. However, given the new questions arising on

modeling economic benefits and the current proposals for a cost allocation methodology, we are increasingly concerned that stakeholder interests are precluded from official representation on NTTG bodies:

- a. For example, as currently proposed, the Cost Allocation Committee will determine scenarios used in the economic benefits analysis that will significantly impact the distribution of modeled benefits. Having stakeholder representation involved in determining such scenarios (or other modeling details) will help avoid misunderstanding and disagreement later in the process. We suggest that NTTG reconsider the structure of the Cost Allocation Committee to allow for stakeholder involvement.
 - b. Likewise, we continue to recommend that NTTG revisit expanding the membership of the Planning Committee to the full array of stakeholders beyond the existing three classes (transmission providers, transmission users, and state agencies), recognizing that the NTTG Steering Committee will retain final approval of the transmission plan. While we commend NTTG for its commitment to meaningful stakeholder input, we believe that when all stakeholders have a full voice and a stake in the outcome, NTTG's transmission plans will be strengthened and have wider impact.
- 3) The approach to averaging the benefits to individual beneficiaries based on a range of expected scenarios seems reasonable to us. However, this highlights the importance of having project sponsors and stakeholders officially involved in the scenario development process.
- 4) With respect to the cost allocation metrics that are currently under development (deferred investment, change in peak load losses and energy losses, etc.), we look forward to seeing their application to existing or “conceptual” transmission lines so that we can better understand the repercussions of such measures within the context of transmission projects that are familiar to the region. We are specifically interested in seeing examples or otherwise understanding how this will work for public policy benefits. This could parallel some of the study cases undertaken in the WECC transmission planning process.
- 5) We are concerned about Section 3.2.3, “Reporting Requirement for a Project Selected for Cost Allocation in Prior Biennial Cycle.” This section states that the Planning Committee will establish a date by which a project must have all regulatory approvals necessary to begin construction. If such approvals have not been achieved by this date, then NTTG may remove the transmission project from the plan.
 - a. Based on our current understanding of the proposal, we feel it is necessary to express concern that this process seems vague and open to abuse.
 - b. Is it accurate that only projects selected for cost allocation are subject to being removed from the transmission plan because of regulatory delays? If so, why?
 - c. Language that might improve this section:

- i. “If such approvals have not been achieved by that date, and after consultation with the project sponsor there is no reasonable expectation that the project will move forward in a timely manner and there are significant repercussions to the broader transmission system if such delays continue, then NTTG may remove the transmission project from the selected category and proceed with re-evaluating the Regional Transmission Plan to determine an alternative solution.”
 - ii. Or, “If such approvals have not been achieved by that date, and after consultation with the project sponsor there is no reasonable expectation that the project will move forward in a timely manner and there are significant repercussions to the broader transmission system if such delays continue, then NTTG may proceed with planning alternative transmission projects to address the immediate need and may revisit the cost allocations associated with the delayed project.”
- 6) We appreciate and support the recognition that new “unsponsored” regional projects may be identified through the regional planning process if they meet the identified transmission needs more efficiently and cost effectively (Section 3.1(d)).
- 7) We appreciate and support that public policy requirements will not be considered separately from other transmission needs, but evaluated holistically along with other regional projects (Section 3.3.3). Furthermore, we specifically commend NTTG for the provision encompassing “public policy objectives,” defined as “public policy requirements that are driven by state or federal law or regulations and potential future public policy objectives.” We have recommended that other regional planning groups, including ColumbiaGrid, adopt this more inclusive and effective definition, which recognizes that public policy requirements will evolve over time.
- 8) We continue to be concerned about the revised requirement that non-Planning Committee members may submit economic study requests only if they execute an Economic Study Request Agreement with a local transmission provider. While a binding agreement concerning nondisclosure of sensitive information and other reasonable provisions seems in order, the standard proposed Agreement includes onerous provisions concerning dispute resolution and cost responsibility for running a requested study. While we recognize that running study requests imposes costs, Order 1000 states, “Order No. 890’s economic planning studies transmission planning principle requires that stakeholders be given the right to request a defined number of high priority studies annually through the transmission planning process, which are intended to identify solutions that could relieve transmission congestion or integrate new resources and loads, including facilities to integrate new resources or loads on an aggregated or regional basis. See Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 547-48.” Order 1000, footnote 62.
- 9) We commend NTTG for the clear discussion in Section 5.4.1 concerning the Order 1000 requirement to select the most efficient and cost effective plan. The discussion raises considerations that must be carefully evaluated in assessing the tradeoffs between “efficient” and “cost-effective,” and we support the recognition that further refinement may be needed as experience is gained in the planning process.

Thank you again for the opportunity to comment. Please do not hesitate to contact us with any question regarding these comments prior to the next stakeholder meeting.

Sincerely,

Cameron Yourkowski
Senior Policy Manager
Renewable Northwest Project
cameron@rnp.org

Fred Heutte
Senior Policy Associate
NW Energy Coalition
fred@nwenergy.org

Tom Vinson
Senior Director of Federal Regulatory Affairs
American Wind Energy Association
TVinson@awea.org