

### Cost Allocation Committee Next Steps

The Cost Allocation Committee is engaged in two major activities during the first six months of 2008:

- The committee will determine its role in responding to the fast track transmission projects submitted to NTTG during 2007.
- The Committee will participate in developing inputs for the first annual economic study that provides the context for the NTTG biennial transmission planning cycle of 2008-2009.

The committee will work with the Planning Committee in these activities to provide a consistent set of assumptions for the development of the NTTG biennial transmission plan.

### NTTG KICKS OFF BIENNIAL PLANNING CYCLE

By "Kip" David L. Sikes, NTTG Planning Committee Chair

Northern Tier begins its biennial planning cycle riding the momentum created from the Fast Track planning, which resulted in the announcement and coordination of major expansion projects in 2007. Fast Track sponsors are working their way through the Western Electricity Coordinating Council (WECC) rating process as it pertains to construction and commercial operation of their projects.

In response to the Federal Energy Regulatory Commission's Order 890, along with broad stakeholder participation and coordination with Columbia Grid, WestConnect, WECC Transmission Expansion Planning Policy Committee and other regional planning groups, NTTG has established a comprehensive planning process that will:

- Identify transmission needs of customers.
- Identify transmission congestion that impedes the efficient operation of electricity markets.
- Identify transmission expansion alternatives.
- Evaluate and coordinate proposed system additions.
- Provide cost-allocation recommendations for specific projects.

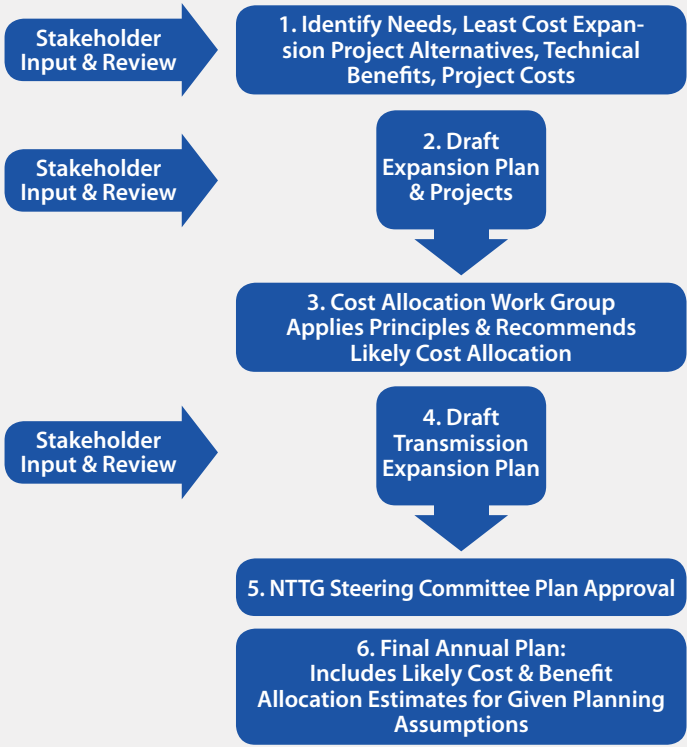
The prescribed work requires an eight-quarter process as outlined below.

Figure 1: NTTG Study Cycles

NTTG Biennial Transmission Planning Cycle			NTTG Economic Planning Studies		
Year 1	Quarter	Activity	Year 1	Quarter	Activity
	Qtr 1	Information Gathering *		Qtr 1	Receive and Prioritize Requests *
	Qtr 2	Study Plan and Assumptions *		Qtr 2	Study
	Qtr 3	Draft Plan Analysis *		Qtr 3	Report/Review Results *
	Qtr 4			Qtr 4	
Year 2	Qtr 5	Draft Study Results and Review *	Year 2	Qtr 1	Receive and Prioritize Requests *
	Qtr 6	Economic Studies and Cost Allocation Process		Qtr 2	Study
	Qtr 7	Final Plan Report and Review *		Qtr 3	Report/Review Results *
	Qtr 8	Final Plan Approval		Qtr 4	

\* Stakeholder and public participation required

### Biennial Transmission Planning Process



Gathering and exchanging information will take place throughout the first quarter of 2008. Data will be summarized and reviewed at the public stakeholder meeting planned for April 8 in Salt Lake City, which will begin to establish the base case growth and resource scenario under consideration for this planning cycle.

Multiple opportunities exist to participate in this process. We welcome input regarding: potential resources and locations, long-term uses of the transmission system and transmission projects that may yield benefits. This iterative process provides for review and adjustments during the technical studies segment and allows for refinements to the draft plan during the planning cycle's second year.

We welcome your involvement. Go to [www.nttg.com](http://www.nttg.com) for information on joining and to view the Planning Charter and other documents.

### ADI COMBINES RESOURCES, BALANCING LOAD AND GENERATION

By Ronald Shellberg, ADI Operating Group Chair

Arizona Public Service, Nevada Power, Public Service of New Mexico and Sierra Pacific Power have become participants in the ACE Diversity Interchange (ADI) joining the original four control or balancing areas in the program. Each control area, a geographical area bounded by interconnections with other utilities, has a control system that keeps its load and generation in balance. If the load and generation are not in balance, a control error occurs and generation must be adjusted within seconds.

With ADI, the control areas can pool these area control errors, some positive, some negative, allowing them to take advantage of the larger geographic size and the diversity of the control areas.

"Several other control areas are considering joining as well," said Ronald Schellberg of Idaho Power Company, chair of the ADI committee. "The original participants are excited to see ADI expand and are looking forward to working with the new members."

Developed by the host, British Columbia Transmission Corporation, the ADI Phase I project also includes the control areas of Idaho Power Company, Northwestern Energy and PacifiCorp (eastern and western). The ADI Phase I was structured to permit other control areas to join once it became operational.

Signed in November 2006, the Phase I agreement between the four parties went live in March 2007 and was operational by summer 2007. Participants have observed that Phase I implementation, pooling of the ACE, has brought the following benefits:

- Reduced unnecessary generator control movements.
- Reduced sensitivity to resources with potentially volatile output.
- Reduced instantaneous control burden in some control cycles.
- Realized improvements in Control Performance Standards.

The Northern Tier Transmission Group is sponsoring, in association with BCTC, the development of future enhancements that bring high value products or services at lower costs, to the Western Interconnection. These may include dynamic signal routing or enabling capacity or energy products to be exchanged at overall decreased administrative costs. Regulation and load-following systems and protocols could also be developed.

The NTTG ADI Group is seeking input from interested stakeholders – control area operators, independent energy producers and others – to help guide and participate in outlining potential Phase II developments – Transmission Products and Services (TPAS). NTTG has developed a charter (NTTG TPAS Charter) and a work plan (TPAS Scoping Work Plan). This effort to scope future products or services is expected to take about six months.

For additional information or to participate, contact Ronald Schellberg, Idaho Power Company at [rschellberg@idahopower.com](mailto:rschellberg@idahopower.com) or 208-388-2455.