

BY EMAIL

TO: NorthernGrid Public Utility Transmission Providers

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RE: FERC Order No. 1920 Compliance

October 24, 2025

Dear NorthernGrid Public Utility Transmission Providers,

The undersigned organizations (Public Interest Organizations) write to expand on our October 10, 2025 letter¹ commenting on NorthernGrid's proposed tariff revisions to comply with the Federal Energy Regulatory Commission's (FERC) Order No. 1920.² We appreciate the additional time granted to review and respond to the NorthernGrid Proposed Tariff. These comments urge NorthernGrid to correct central deficiencies with its proposal. First, we reiterate our concern that NorthernGrid's proposal subjects selected projects to reevaluation for cost allocation consideration based on a narrower set of only three benefits in violation of the letter and spirit of Order No. 1920.³ Second, NorthernGrid's proposal needlessly restricts NorthernGrid's ability to select

¹ Public Interest Organizations, Comment, (Oct. 10, 2025).

² The proposed tariff language we refer to is the draft dated 9/25/2025 and posted by NorthernGrid at [https://www.northerngrid.net/private-media/documents/REDLINE - DRAFT ATTACHMENT K TEMPLATE - NORTHERNGRID - SEP25-2025.pdf](https://www.northerngrid.net/private-media/documents/REDLINE_-_DRAFT_ATTACHMENT_K_TEMPLATE_-_NORTHERNGRID_-_SEP25-2025.pdf) (NorthernGrid Proposed Tariff).

³ See NorthernGrid Proposed Tariff, § 2.6.5.2

beneficial projects without meaningfully strengthening consumer protections. Third, several other provisions of NorthernGrid’s proposal would benefit from clarifications or other clean-up edits.

NorthernGrid’s cost allocation mechanism improperly serves as an additional evaluation and selection step

Our primary concern remains NorthernGrid’s proposal to evaluate projects for cost allocation consideration based only on a narrow set of three benefits that ignore a broad range of value created by proposed projects and fall well short of the seven minimum benefits that Order No. 1920 states must be used in evaluating and selecting projects for purposes of cost allocation.⁴ This overly narrow view of proposed benefit types will prohibit the consideration of tangible and potentially large cost savings and reliability benefits from regional transmission investments in violation of the letter and spirit of Order No. 1920.

Order No. 1920 requires transmission providers to use seven specified benefit metrics in evaluating and selecting projects.⁵ NorthernGrid proposes, however, to perform a second narrower evaluation of projects that includes only “Deferred Costs,” “Avoided Capital Costs,” and “Increased Useful Available Transfer Capability” to determine selection for cost allocation eligibility and assignment.⁶ In effect, the proposal’s initial “selection” of projects does not truly evaluate and select such projects for purposes of cost allocation as required by Order No. 1920, because projects “selected” in this first step are not ensured to be eligible for cost allocation.⁷ In addition, allocating costs based on an incomplete set of benefit metrics may allow certain beneficiaries to free-ride on other transmission customers who are allocated more than their fair share of costs, resulting in a cost allocation that is not “roughly commensurate with benefits.”⁸ Instead, NorthernGrid should use a simpler cost allocation method that allocates *all* costs of projects that are selected through an evaluation process that considers all of the minimum benefits set forth in Order No. 1920.⁹ To the extent that NorthernGrid remains concerned about consideration of benefits beyond the three

⁴ See *id.* §§ 2.6.4, 2.6.5, & 3.6; Order No. 1920, 187 FERC ¶ 61,068, at PP 3 n. 8, 719-720, 965 (2024). A group of Committee on Regional Electric Power Cooperation (CREPC) state regulators expressed similar concerns in an August 5, 2025 letter to the NorthernGrid utilities. CREPC, Letter to NorthernGrid FERC-Jurisdictional Utilities (August 5, 2025), https://www.westernenergyboard.org/wp-content/uploads/Letter-to-NorthernGrid_08052025.pdf (“[T]he three benefits considered for purposes of cost allocation are too narrow in scope. Instead, NorthernGrid’s cost allocation methodology should rely on each of the seven benefits FERC requires transmission providers to utilize when assessing the benefit-cost ratio of each project.”).

⁵ Order No. 1920, 187 FERC ¶ 61,068 at PP 719-720, 965. Order No. 1920’s seven required benefits are: (1) Avoided or deferred reliability transmission facilities and aging transmission infrastructure replacement; (2) either Reduced Loss of Load Probability or Reduced Planning Reserve Margin; (3) Production cost savings; (4) Reduced transmission energy losses; (5) Reduced congestion due to transmission outages; (6) Mitigation of extreme weather events and unexpected system conditions; and (7) Capacity cost benefits from reduced peak energy losses. *Id.* P 720.

⁶ See NorthernGrid Proposed Tariff, §§ 2.6.4, 2.6.5, 2.6.5.2, & 3.6.

⁷ Cf. Order No. 1920, 187 FERC ¶ 61,068 at P 3 n.8 (“For purposes of this final rule, unless otherwise noted, when referencing Long-Term Regional Transmission Facilities (or a portfolio of such Facilities) that are selected, we intend ‘selected’ to mean that those Facilities are selected in the regional transmission plan for purposes of cost allocation.”).

⁸ *Id.* P 1506.

⁹ We note that many regions that have implemented effective regional transmission planning processes do not use a granular benefits quantification approach to cost allocation, but rather spread costs regionally using simpler methods (e.g. MISO usage-rate approach, SPP highway/byway approach). Such methods have been found to meet FERC’s “roughly commensurate” standard where they allocate costs in a manner that is roughly proportionate to benefits.

currently included in NorthernGrid’s proposal, NorthernGrid could include a provision that allows it to weight each benefit category,¹⁰ and update such weighting at the beginning of each planning cycle, when computing the total benefit.

NorthernGrid’s proposal needlessly restricts NorthernGrid’s ability to select beneficial projects without additional consumer protection benefits

Several of NorthernGrid’s proposals restrict NorthernGrid’s ability to advance certain beneficial projects. These restrictions are not needed to ensure that only prudent projects are developed because Order No. 1920 does not require “that transmission providers select any particular Long-Term Regional Transmission facility—even where a particular transmission facility meets the transmission providers’ selection criteria in their OATTs.”¹¹ If, after rigorous analysis that examines the full suite of cost savings and other benefits, a transmission provider determines that a proposed project will not tangibly benefit customers, it may decline to select the project.

In that light, *there is no need for NorthernGrid to restrict its ability to consider the full spectrum of benefits, and beneficial projects, in Order No. 1920 regional transmission planning.* Removing overly restrictive provisions also allows NorthernGrid the flexibility to adapt its approach as it gains experience with Long-Term Regional Transmission Planning. NorthernGrid should therefore revise several provisions that risk preventing potentially beneficial projects from advancing. These provisions include NorthernGrid’s proposal to: (1) require projects to exceed the 1.25 Benefit-to-Cost threshold for *all* scenarios to be eligible for selection and cost allocation;¹² (2) require *individual facilities* alone to exceed the 1.25 Benefit-to-Cost threshold for selection and cost allocation purposes;¹³ (3) plan only for needs from Enrolled Parties; (4) restrict measurement to only Order No. 1920’s seven minimum benefits for facility evaluation purposes;¹⁴ and (5) restrict measurement of benefits to only 20 years from the facility’s estimated in-service date.¹⁵

First, NorthernGrid should allow projects that exceed the 1.25 Benefit-to-Cost threshold for *any* scenario to be eligible for selection and cost allocation rather than requiring projects to exceed the threshold in *all* scenarios to be eligible.¹⁶ Allowing projects that exceed the Benefit-to-Cost threshold in any scenario will allow projects that are likely to provide significant benefits, in NorthernGrid’s judgment, to advance despite falling short in certain scenarios without sacrificing NorthernGrid’s ability and discretion not to select projects that it believes are *unlikely* to benefit consumers, as explained above. NorthernGrid’s existing proposal is particularly concerning when coupled with proposed section 3.3.5.6, which requires Enrolled Parties to develop additional scenarios if requested by Relevant State Entities.¹⁷ Together, these provisions could allow

¹⁰ Order No. 1920, 187 FERC ¶ 61,068 at P 965.

¹¹ *Id.* P 1026. However, Order No. 1920 does require transmission providers to make a determination of why a project was or was not selected based on the benefit metrics. *Id.* P 966 (“the evaluation process must culminate in a determination that is sufficiently detailed for stakeholders to understand why a particular Long-Term Regional Transmission Facility was selected or not selected to address Long-Term Transmission Needs.”).

¹² NorthernGrid Proposed Tariff, §§ 2.6.5.6, 3.7.

¹³ *See id.* §§ 2.6.5.6, 2.6.5.7, 3.4.4, & 3.7.

¹⁴ *Id.* § 3.4.3.

¹⁵ *Id.*

¹⁶ *Id.* §§ 2.6.5.6, 3.4.4, 3.7.

¹⁷ *Id.* § 3.3.5.6.

Relevant State Entities to attempt to veto projects that they dislike by requesting NorthernGrid to develop a potentially unrealistic scenario designed to ensure that a project does not reach the 1.25 Benefit-to-Cost ratio threshold in that scenario.

Second, NorthernGrid should use portfolio-based approaches to evaluate Long-Term Regional Transmission Facilities.¹⁸ While NorthernGrid's proposal in places appears to contemplate consideration of portfolios of facilities as part of its Long-Term Regional Transmission Planning Process,¹⁹ it nonetheless requires an individual Long-Term Regional Transmission Facility or Eligible Cost Allocation Project to exceed the 1.25 Benefit-to-Cost Ratio thresholds to be selected into the Long-Term Regional Transmission Plan and to be eligible for cost allocation.²⁰ A portfolio-based approach would better capture the costs and benefits of projects because projects may interact with one another. NorthernGrid should therefore evaluate portfolios of projects that exceed a single scenario's 1.25 Benefit-to-Cost Ratio to be eligible for selection and cost allocation.²¹

Third, NorthernGrid should continue developing comprehensive regional transmission plans with the region's non-jurisdictional entities to ensure that a cost-effective regional plan is developed to service all the region's consumers. We encourage the enrolled transmission providers to expand the NorthernGrid planning agreement to include a pathway to plan for the needs of non-jurisdictional entities should they later decide to assume costs and maintain the process for non-enrolled entities to voluntarily fund transmission projects. FERC expressly contemplated participation of non-jurisdictional entities in transmission planning processes in Order No. 1920-B. There, FERC clarified that transmission providers may voluntarily arrange for regional transmission planning and cost allocation processes that include non-enrolled non-jurisdictional transmission providers as long as they do not allow non-public utility transmission providers to cause transmission costs to be incurred without bearing cost responsibility in violation of the cost

¹⁸ See *id.* § 3.3.5.2.

¹⁹ See *id.* §§ 3.3.5.2 (“The Enrolled Parties Planning Committee may use either or both facility-by-facility and portfolio approaches to measure Long-Term Regional Transmission Facilities within the same Long-Term Regional Transmission Planning cycle.”), 3.4.3 (explaining how the each Required Benefit compares costs with and without a “Long-Term Regional Facility(ies)”), 3.4.4 (“The evaluation process must culminate in determinations that are sufficiently detailed for stakeholders to understand why a particular Long-Term Regional Transmission Facility (or portfolio of such Facilities) was selected or not selected.”) & 3.4.5 (“If an identified Long-Term Regional Transmission Facility is not deemed to satisfy the selection criteria set forth above for selection in the Long-Term Regional Transmission Plan, Relevant State Entities and Interconnection Customers may elect to fund all, or a portion, of the cost of such Long-Term Regional Transmission Facility (or portfolio of such Facilities) that does not otherwise meet the selection criteria detailed above to ensure that it meets the selection criteria.”).

²⁰ See *id.* §§ 2.6.5.6 (“In the event the Benefit-to-Cost Ratio for any scenario for the Eligible Cost Allocation Project is less than 1.25, such project is no longer eligible for cost allocation.”), 2.6.5.7 (“In the event the Benefit-to-Cost Ratio for any scenario for the project is no longer greater than or equal to 1.25, such project is no longer eligible for cost allocation.”), 3.4.4 (“For a Long-Term Regional Transmission Facility to be selected into the Long-Term Regional Transmission Plan, the Long-Term Regional Transmission Facility must have an overall Benefit-to-Cost Ratio of no less than 1.25 for each scenario.”), & 3.7 (“In the event the Benefit-to-Cost Ratio for any scenario for the Eligible Cost Allocation Project is less than 1.25, such project is no longer eligible for cost allocation.”).

²¹ While we believe that portfolio-based evaluation should be the default evaluation option, we recognize that there may be situations in which project-specific evaluation is preferable, and that project-specific evaluation should therefore be retained as an alternative to portfolio-based evaluation.

causation principle.²² If the agreement does not presently provide for the calculation of portfolio- and project-specific benefits for the non-enrolled entities, NorthernGrid should add a process to allow and encourage non-enrolled entities to voluntarily participate and assume project or portfolio costs.

Fourth, NorthernGrid should allow consideration of benefits beyond Order No. 1920's seven minimum benefits, including generation investment cost savings.²³ In Order No. 1920, FERC made clear that measuring the set of seven required benefits for selection and evaluation purposes was the minimum to ensure just and reasonable rates, and that "[t]ransmission providers may also propose to measure and use additional benefits in Long-Term Regional Transmission Planning"²⁴ For example, the proposed benefit metrics do not capture the potentially significant capital investment savings that a project or portfolio may provide by facilitating access to locations with lower-cost generation.²⁵ NorthernGrid should allow itself to consider generation investment benefits and other benefits beyond Order No. 1920's minimum required benefits.

Fifth, NorthernGrid should allow measurement of benefits for Long-Term Regional Transmission Facilities over the projected life of the infrastructure rather than only 20 years.²⁶ NorthernGrid's proposal currently provides for a Long-Term Regional Facility's benefits to be measured for 20 years from the facility's estimated in-service date.²⁷ Many transmission facilities have projected useful lives that extend far beyond a 20-year window. Measuring only the first 20 years of costs and benefits will understate Benefit-to-Cost ratios. The Benefit-to-Cost calculation can conservatively be extended to 40+ years by assuming the year 20 benefits extend over time changing only with inflation. Several RTOs currently use 40 years of benefits in their analyses.²⁸ Furthermore, NorthernGrid's proposal annualizes project costs over the life of the project in cost allocation.²⁹ NorthernGrid should similarly annualize project benefits, and should at least allow consideration of benefits that extend beyond the 20-year window.

These reforms will allow NorthernGrid the flexibility to learn from experience and better advance beneficial projects without any additional harm to consumers.

²² See Order No. 1920-B, 191 FERC ¶ 61,026, at P 21 (2025) (citing *El Paso Elec. Co. v. FERC*, 832 F.3d 495, 363 & 365-66 (5th Cir. 2016)).

²³ See NorthernGrid Proposed Tariff, § 3.4.3.

²⁴ Order No. 1920, 187 FERC ¶ 61,068 at PP 721, 729, & 822.

²⁵ Peter Heller et al., *Proactive, Multi-Value Transmission Planning*, Brattle at 28 (April 9, 2025)

<https://www.brattle.com/wp-content/uploads/2025/04/Proactive-Multi-Value-Transmission-Planning.pdf> (noting that "[e]ffectiveness of 1920 will depend on how ISOs/RTOs implement it[.]" including "What additional benefits metrics will ISO/RTOs elect to include beyond the mandated seven" including "access to lower-cost generation").

²⁶ In Order No. 1920, FERC made clear that 20 years was the minimum term for benefit measurement, not the maximum. Order No. 1920, 187 FERC ¶ 61,068 at P 859.

²⁷ NorthernGrid Proposed Tariff, § 3.4.3.

²⁸ See, e.g., *SPP Benefit Metrics Manual Section 10: Calculation of 40-year Benefits at*

<https://www.spp.org/documents/74320/benefit%20metrics%20manual%2020250715.pdf>; *MISO Transmission*

Expansion Plan: Chapter 2, at 2 https://cdn.misoenergy.org/MTEP25%20Chapter%202%20-%20Regional_Long%20Range%20Transmission%20Planning720398.pdf?v=20250929111625

("Unlike the near-term focus of local planning, LRTP takes a 20-40 year view, offering a roadmap to guide future and near-term planning.").

²⁹ NorthernGrid Proposed Tariff, § 2.6.2.

NorthernGrid should clarify or clean up other ambiguous provisions or other minor omissions in its proposal

Last, we urge NorthernGrid to correct the following ambiguities and omissions in its proposed tariff.

First, NorthernGrid should clearly designate NorthernGrid as the entity responsible for making planning process determinations on behalf of all enrolled transmission providers. NorthernGrid's proposal is currently ambiguous in places about whether NorthernGrid or transmission providers are responsible for relevant determinations.³⁰ In addition, the use of "transmission provider" in section 3.4.6 appears to be incorrect and should be changed to NorthernGrid.³¹

Second, NorthernGrid should revise its proposal to avoid a potential delay of up to two years before it starts its first Long-Term Regional Transmission Planning Cycle. NorthernGrid's current proposal provides for the first Long-Term Regional Transmission Planning Cycle to begin upon the start of the Regional Transmission Planning Cycle occurring upon the issuance of a final FERC order accepting the Order No. 1920 compliance filing.³² This risks substantial delay if FERC accepts NorthernGrid's compliance filing shortly after the Regional Transmission Planning Cycle begins. NorthernGrid should instead provide for commencement of the first Long-Term Regional Transmission Planning Cycle to begin immediately if FERC accepts NorthernGrid's compliance filing before the Regional Transmission Planning Cycle study scope approval.

Third, NorthernGrid should revise the definition of Right-Size by replacing "to instead increase that facility's transfer capability" with "to meet Long-Term Transmission Needs." The latter description more closely aligns with FERC's description of right-sizing a transmission facility in Order No. 1920.

Next steps

Order No. 1920 offers a timely and much needed opportunity for transmission providers to cost-effectively plan and build the infrastructure needed for a reliable grid. Taking full advantage of this opportunity requires NorthernGrid to consider the range of potentially beneficial projects—without requiring selection of any projects that may be imprudent.

³⁰ Compare *id.* § 2.1 (designating NorthernGrid as the entity that will "develop a Regional Transmission Plan each Planning Cycle") with § 2.4.3 (providing that "the Transmission Provider will determine whether it may be more efficient or cost-effective to incorporate the enumerated alternative transmission technologies into both new regional transmission facilities and upgrades to existing transmission facilities than selecting additional new facilities or not incorporating such technologies into new facilities.").

³¹ *Id.* § 3.4.6 ("To perform any required reevaluation analysis, updated Long-Term Scenarios and associated transmission system models that are developed for the Long-Term Regional Transmission Planning Cycle in which the *transmission provider* reevaluates the selected Long-Term Regional Transmission Facility shall be used." (emphasis added)).

³² *Id.* § 3.1.

We urge you to make all efforts necessary to enable the Order No. 1920 planning process to be useful in providing a more affordable, resilient, and reliable power grid, and we are eager for further opportunities to collaborate in efficiently confronting these complex issues.

Sincerely,

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