

The image features a blue gradient background with a white geometric pattern of intersecting lines. The text is positioned on the left side of the image.

NorthernGrid

FERC Order 1920

CREPC-TC Ad Hoc Committee

08/27/2025

Agenda

- Cost Allocation Review / Benefit Quantification
- Energy Strategies Feedback
- Update to RSEs on Letter, if any

Cost Allocation Review

Benefit Quantification



Cost Allocation / Benefit Quantification

- How are you planning to quantify benefits in your proposals/the 7 FERC benefits? What methods of quantification for the benefits are you considering, and what methods have you decided against?
- What benefits are most challenging to quantify and why? Which are less challenging/controversial?
- Why do you choose to rely on benefit quantification for your cost allocation methods despite any challenges of benefit quantification?
- What other methods of cost allocation did your planning region consider? Why didn't you move forward with those?



Evaluation Process & Selection Criteria

Order 1920 requires that Transmission Providers consult with and seek support of Relevant State Entities regarding the evaluation process and selection criteria that Transmission Providers propose to use to evaluate Long-Term Regional Transmission Facilities for selection.

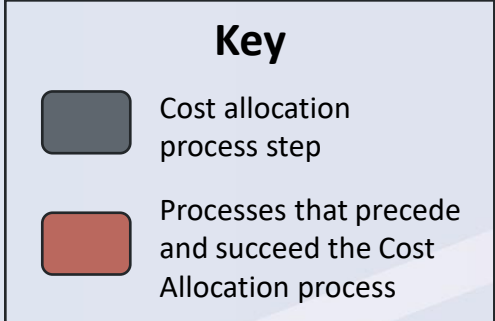


Evaluation Process

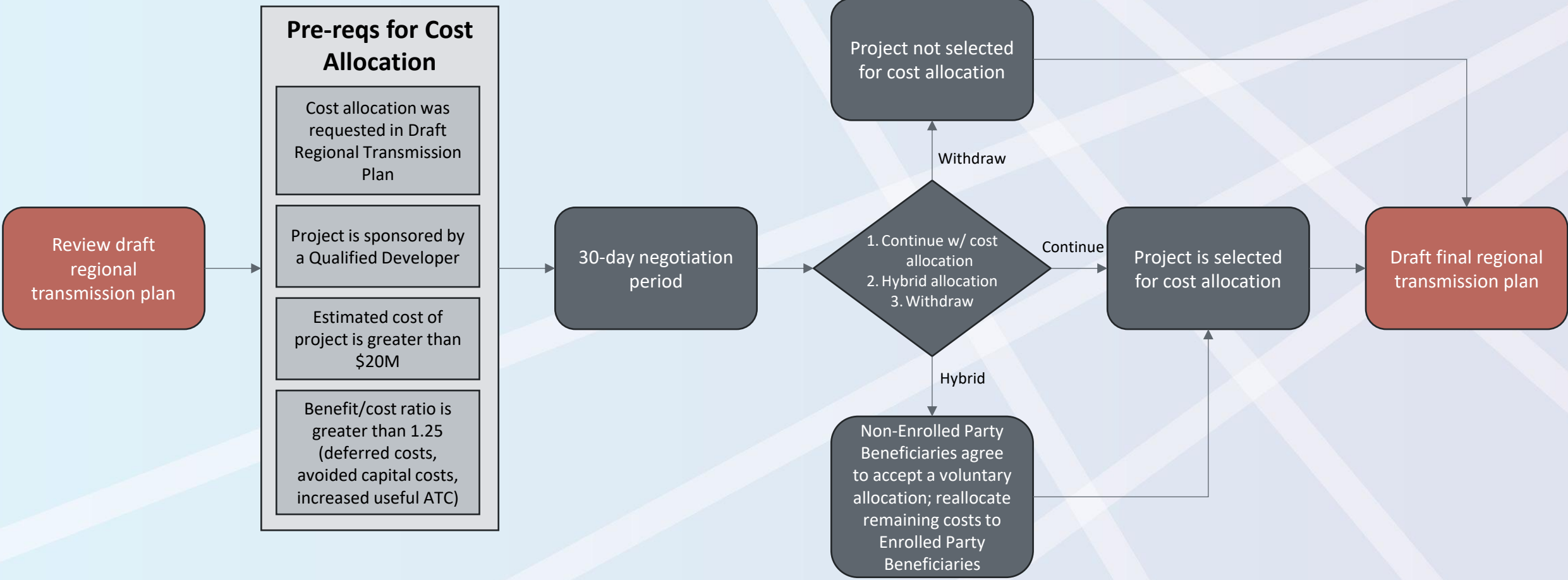
Long-Term Regional Transmission Facilities must be evaluated against seven benefits:

	Benefit	Measure
1	Avoided or deferred reliability transmission facilities and aging infrastructure replacement;	Comparison of investment cost of avoided or deferred transmission facilities/infrastructure to the investment cost of the Long-Term Regional Transmission Facility(ies) that could avoid or defer these investments.
2	A benefit that can be characterized and measured as either (2a) reduced loss of load probability or (2b) reduced planning reserve margin	2a: Comparison of the capital costs or avoided costs needed to meet a loss of load probability target with and without a Long-Term Regional Transmission Facility(ies). 2b: Comparison of the capital costs or avoided costs needed to meet the planning reserve margin with and without a Long-Term Regional Transmission Facility(ies).
3	Production cost savings	Production cost modeling simulations will compare production costs with and without a Long-Term Regional Transmission Facility(ies).
4	Reduced transmission energy losses	Comparison of energy losses and the amount of total energy with and without a Long-Term Regional Transmission Facility(ies).
5	Reduced congestion due to transmission outages;	Production cost modeling simulations will compare congestion costs during outage conditions, with and without a Long-Term Regional Transmission Facility(ies).
6	Mitigation of extreme weather events and unexpected system conditions	Production cost modeling simulations will compare production costs, loss of load, and interregional transfer capability during extreme weather events and unexpected system conditions resulting in outages with and without a Long-Term Regional Transmission Facility(ies).
7	Capacity cost benefits from reduced peak energy losses	Comparison of the investment cost for generation capacity with and without a Long-Term Regional Transmission Facility(ies).





Existing & Proposed Cost Allocation Process

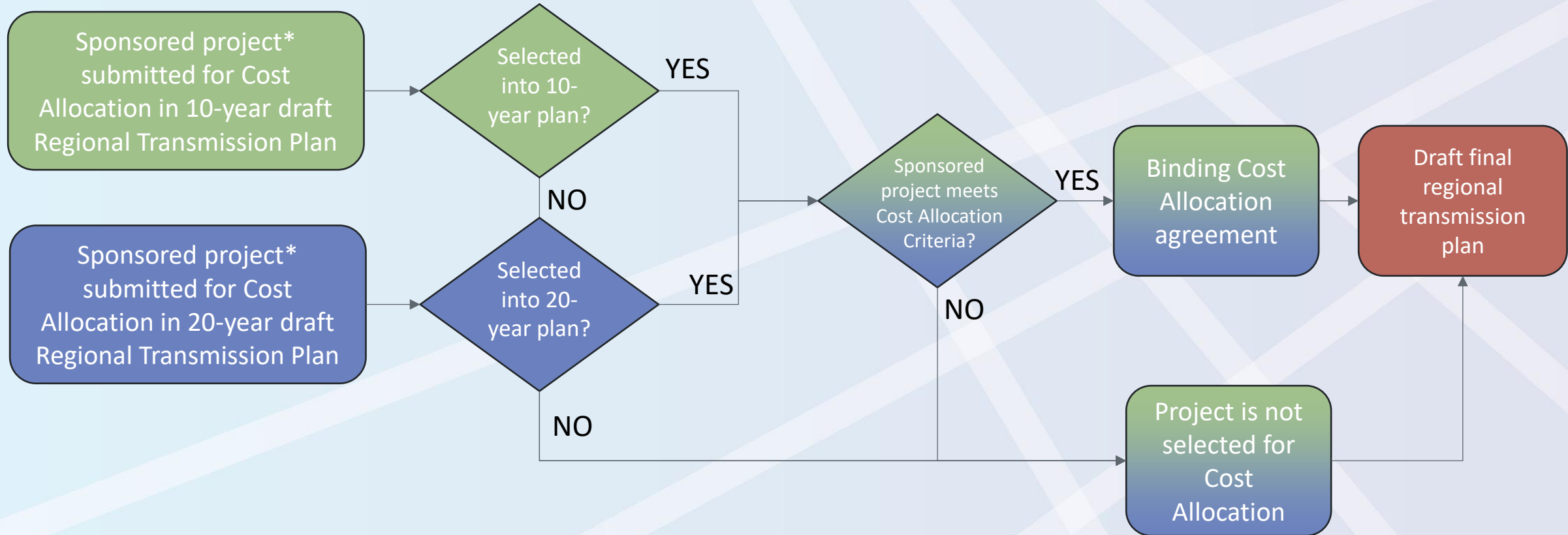


Cost Allocation Factors

- Well defined set of benefits already used in Order 1000 NorthernGrid Planning
 1. Creates useable Available Transmission Capacity (ATC)
 2. A separate project will be deferred because of the planned project
 3. A separate project will be eliminated because of the planned project
- FERC authorized 1.25 cost-benefit ratio



Proposed 1920 & 1000 Combined Cost Allocation Process



*must be sponsored by a Qualified Developer

Thank You

Please submit comments & questions to:

nwpp_northerngrid_staff@westernpowerpool.org

or

<https://www.northerngrid.net/comments/>