

Order 1920 NorthernGrid June 20, 2025, Stakeholder Meeting

– Follow up responses

A definition of “need” in the context of 1920 and 1920A, which is not a defined term.

There was confusion about what constitutes a "need" within the Northern Grid framework. The "needs" are essentially data submittals, including load forecasts, resource requirements, public policy needs, resource diversification, and other similar elements. These are the foundational inputs that inform scenarios and ultimately lead to the development of transmission solutions.

Expand on the Scenarios and Project Evaluation:

There was discussion about whether a project that appears necessary in only one scenario would be dismissed if it does not appear beneficial in others. It was clarified that projects are evaluated in all three scenarios to ensure they meet the "No Regrets" strategy and the required benefit-cost ratio for inclusion in the 20 year regional plan. So that if a project is initially selected be it sponsored or unsponsored it must be evaluated in all of the scenarios.

Show how the order allows for 7 benefits to select into the plan and 3 cost allocation benefits to select for cost allocation

1. Seven Benefits for Plan Selection:

- The discussion included the process of using seven benefits to select projects into the plan. This initial evaluation determines whether a project should be part of the overall planning framework.

2. Three Cost Allocation Benefits:

- After a project is selected into the plan, it is further evaluated using three specific cost allocation benefits to qualify for cost allocation. This more stringent and financially binding step ensures that not all projects included in the plan automatically receive cost allocation because cost allocation has significant financial and permitting consequences to state regulatory entities and ultimately the rate payers and there is significant uncertainty in the calculation of some of the 7 benefits.

3. Clarification during the Meeting:

- There was a misunderstanding among stakeholders about whether passing the seven benefits automatically qualifies a project for cost allocation. It was

clarified that selection into the plan and cost allocation are two distinct steps, but cost allocation as established in 1920 deliberately aligns with the FERC approved, Order 1000 compliance filings. It is desirable to establish a cost allocation methodology under Order 1920 for the long-term regional planning that is consistent with the FERC approved Order 1000 cost allocation methodology.

4. Order 1000 Compliance:

- The process described adheres to Order 1000, which permits different sets of benefits for plan selection and cost allocation. This ensures that only projects meeting specific criteria are considered for funding.

5. Discussion on Misinterpretation:

- The team discussed the need to clarify that being selected into the plan via the seven benefits does not mean the project automatically qualifies for cost allocation. It was pointed out that the two-step process and the distinct criteria for cost allocation.

Show how the existing Order 1000 NG process allows for unsponsored projects to be in the plan (even if they aren't considered for cost allocation)

1. Eligibility for Inclusion in the Plan:

- Unsponsored projects can be included in the plan but are not eligible for cost allocation. This was affirmed, indicating that projects suggested for evaluation (e.g., a line between A and B) can be included in the plan if deemed desirable.

2. Requirements for Cost Allocation:

- Unsponsored projects cannot receive cost allocation because they lack a sponsor. It was clarified that sponsors need to be qualified developers and prove their capability to build the project.

3. Discussion Context:

- It is noted that this topic was part of larger discussions, as mentioned in informal conversations. There was concern about ensuring no identified projects are lost due to lack of sponsorship.

4. Preference for Sponsored Projects:

- It is suggested that preference or deference might be given to sponsored projects before considering unsponsored ones for inclusion in the plan, aligning with the Order 1000 process.
- Based on historical construction of transmission projects in WECC, under Order 1000, few if any projects will be built using cost allocation. Projects constructed in the future in WECC after the implementation of Order 1920 will likely also be built by parties who benefit from the project and pay for these benefits by participating the voluntary cost funding under binding agreements. This is allowed under both Order 1000 and Order 1920. It is not correct to assume a project not included in the regional plan would not be constructed or be significantly disadvantaged in the transmission development market.