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NorthernGrid

FERC Order 1920

Regional Transmission Planning

State Engagement Meeting

03 / 07 / 2025

Agenda March 7, 2025

- Welcome
- Cost Allocation Review
- Addressing Non-Jurisdictional Issues
- Evaluation Process & Selection Criteria
- Key Engagement Points
- Wrap up & Next Steps

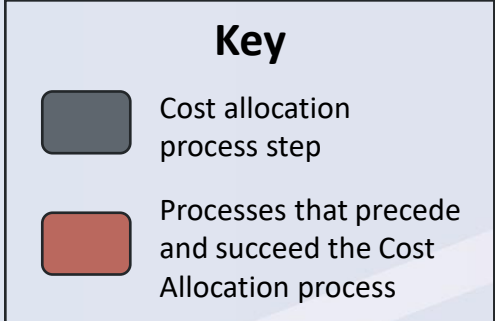
RSE Requested Topics

1. Providing an update to NorthernGrid on recent CREPC 1920 Ad Hoc Committee work, including our efforts to explore a definition for state "agreement" as it relates to an ex post State Agreement Process.
2. Updates from NorthernGrid regarding non-jurisdictional issues. Does NorthernGrid have a solution to non-jurisdictional issues that it thinks will work for FERC? If yes, what are they? If no, how are you addressing this topic?
3. Updates from NorthernGrid on selection criteria for projects, assuming you plan to address this topic with states.
4. Discussion of the various cost allocation options NorthernGrid is exploring, and how NorthernGrid intends to present its proposed options for cost allocation methodologies to RSEs for feedback (such as via the 1920 Ad Hoc Committee)

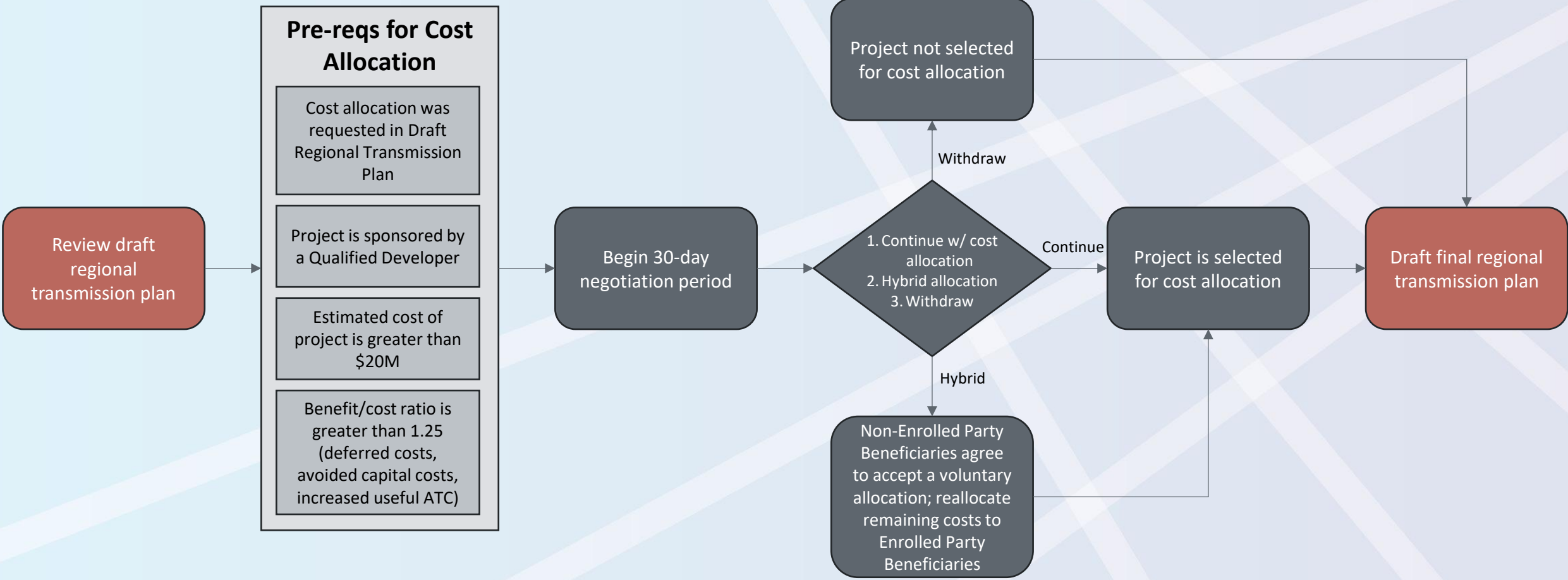


Cost Allocation Review

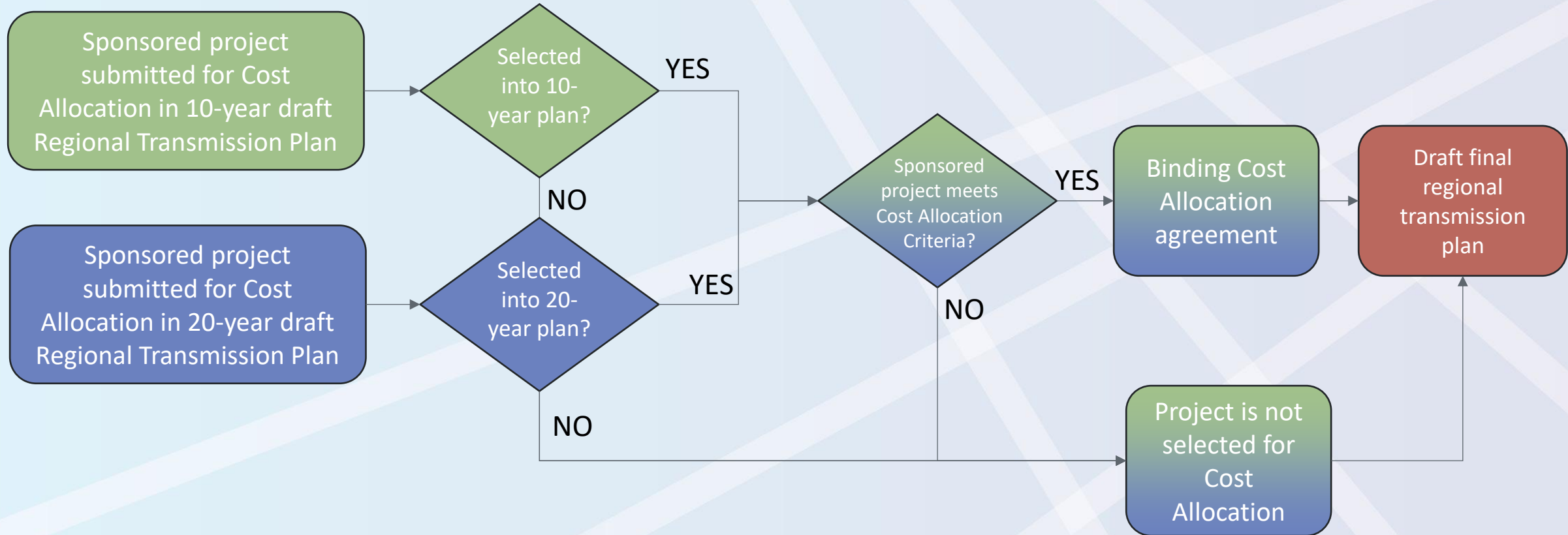




Existing Order 1000 Cost Allocation Process



Proposed 1920 & 1000 Combined Cost Allocation Process



*must be sponsored by a Qualified Developer

Addressing Non-Jurisdictional Issues



Addressing Non-Jurisdictional Issues

NorthernGrid Members (both jurisdictional and non-jurisdictional) will use the existing NorthernGrid governance structure, which was designed to mitigate risks of free ridership, to adopt Order No. 1920's reforms.



Background - NorthernGrid Membership

Because NorthernGrid's membership includes both FERC-jurisdictional and non-jurisdictional entities, NorthernGrid's planning processes have been bifurcated into two separate conceptual member regions: a Member Region (all the members) and an Enrolled Region (jurisdictional members).

- The Member Region includes the transmission systems of all NorthernGrid jurisdictional and non-jurisdictional utilities.
- The Enrolled Region encompasses the transmission systems of only those entities that enroll in the Enrolled Region.



NorthernGrid Planning Processes

- The underlying planning processes for the Member Region and Enrolled Region are largely the same and are based on FERC's requirements for participation in coordinated, open, and transparent transmission planning.
 - The Enrolled Region contains additional process requirements necessary to facilitate compliance with Order No. 1000, most notably FERC's requirement for binding cost allocation.
 - NorthernGrid members expect to use the same approach in response to Order No. 1920.



Bifurcated Structure

- This bifurcated structure of NorthernGrid's planning processes is intended to:
 - i. Mitigate risks associated with FERC compliance and concerns of free ridership for jurisdictional members, and
 - ii. Respect the legal requirements of non-jurisdictional members.
- The salient features of this structure are:
 - i. Planning for the transmission needs of all members will be coordinated through one planning process;
 - ii. Only the transmission needs of enrolled members can drive a cost allocation decision (i.e., mitigates free ridership concerns);
 - iii. Only Enrolled Parties (and other limited entities defined in the Order 1000 process) can ask for or be held accountable to a cost allocation determination; and
 - iv. Non-enrolled members can neither ask for nor be held accountable to a binding cost allocation determination.
- Jurisdictional utilities include only the Enrolled Region's process in their respective tariffs.
- Participation in the Member Region process is defined in and governed by a planning agreement.



Evaluation Process & Selection Criteria



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 & Selection Criteria

Order 1920 requires that transmission providers must establish a Long-Term Regional Transmission Planning evaluation process that:

1. Identifies Long-Term Regional Transmission Facilities that address Long-Term Transmission Needs.
2. Estimates the costs and measures the benefits of Long-Term Regional Transmission Facilities that are identified or proposed for potential selection.
3. Designates the point in the evaluation process at which Long-Term Regional Transmission Facilities will be selected or will not be selected.

Transmission providers must include in their OATT an evaluation process, including selection criteria, that they will use to identify and evaluate Long-Term Regional Transmission Facilities for potential selection to address Long-Term Transmission Needs. The evaluation process must be sufficiently detailed for stakeholders to understand why a Long-Term Regional Transmission Facility was selected or not selected.



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 | Production cost modeling simulations will: 2a: Compare loss of load probability with and without a Long-Term Regional Transmission Facility(ies). 2b: Compare generation dispatch to the planning reserve margin, and the amount of hours the planning reserve margin cannot be maintained, 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 | Production cost modeling simulations will compare 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 system normal and 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 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). |



Selection Criteria

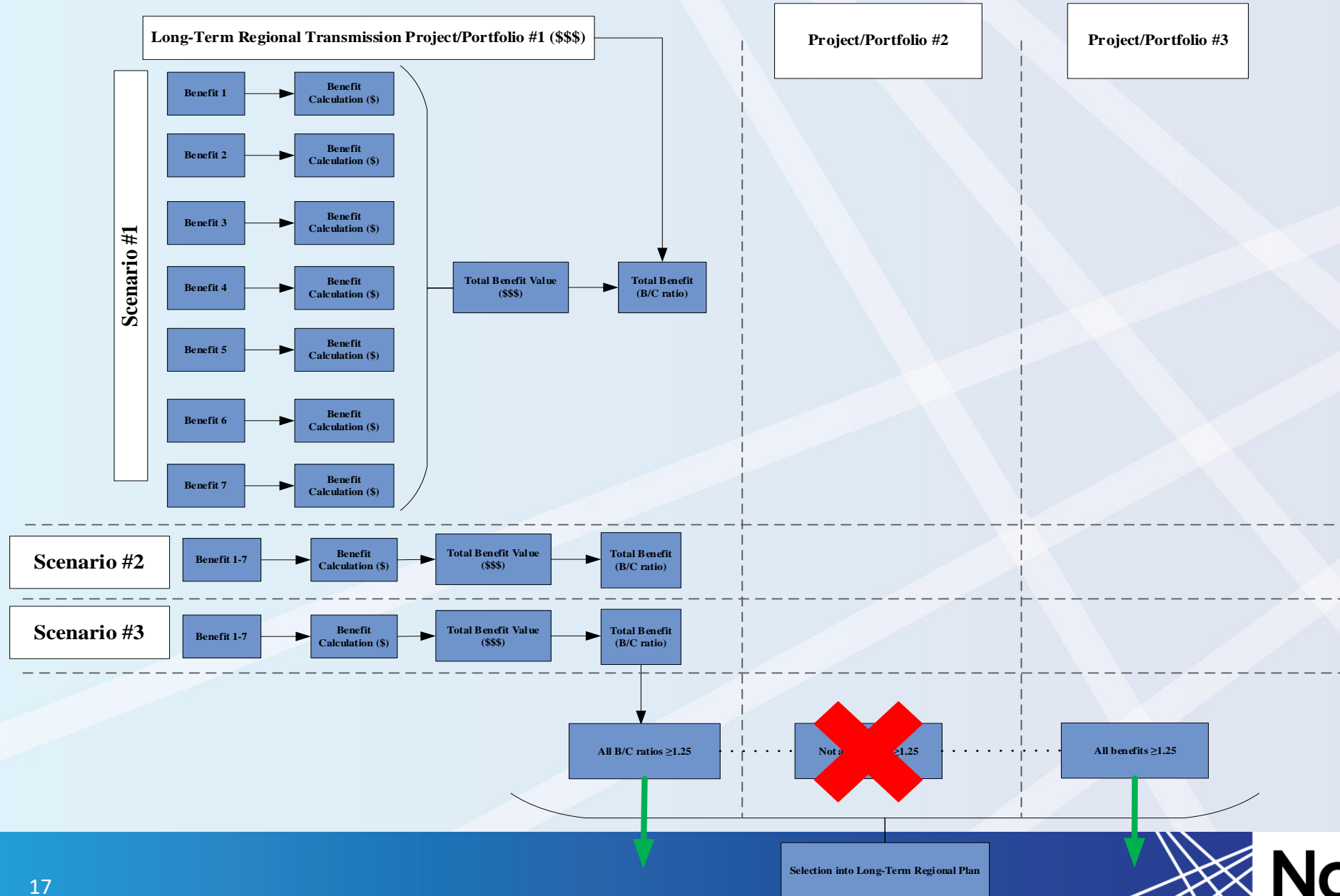
Transmission Providers may not impose as a selection criterion a minimum benefit-to-cost ratio that is higher than 1.25-to-1.0.

NorthernGrid is proposing a “no regrets” approach to the selection of Long-Term Regional Transmission Facilities. 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 and sensitivity under consideration within the Long-Term Regional Transmission Planning cycle
- Have a Project Sponsor



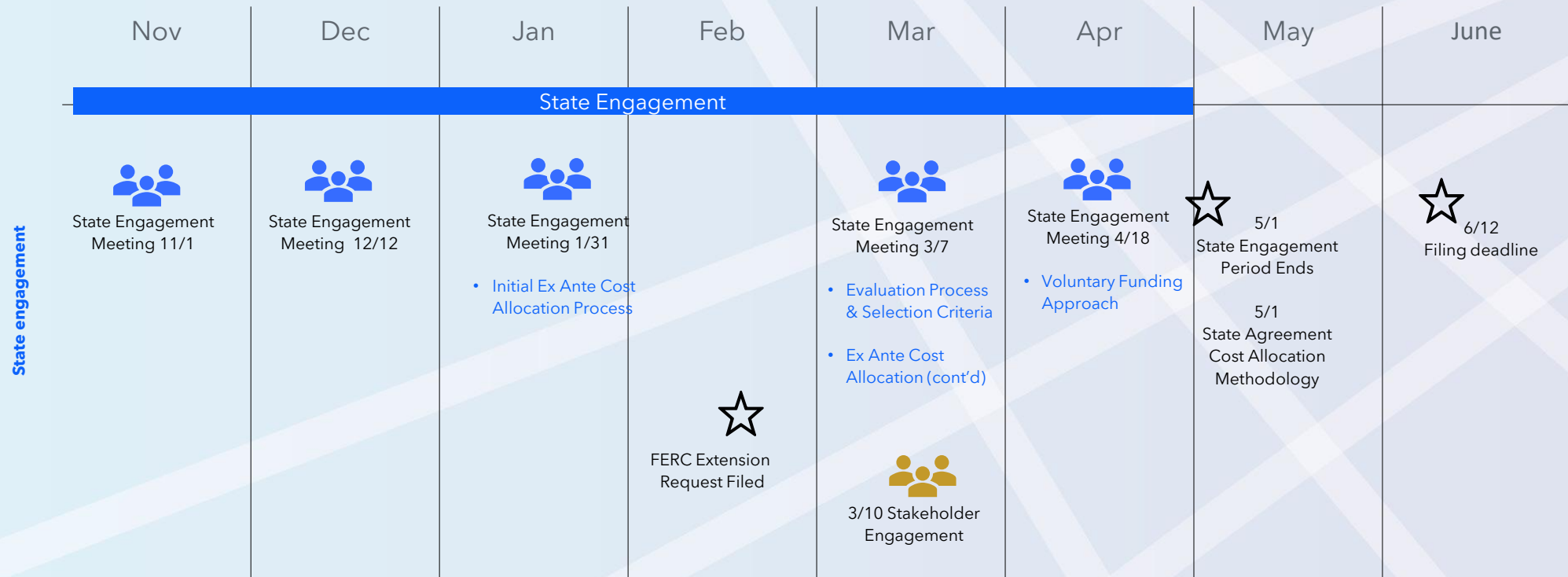
Selection Criteria



Key Engagement Points for State Engagement Period

FERC 1920 High-Level Timeline & Key Meetings

Key Points for State & Stakeholder Engagement



Slide will be revised to reflect six-month extension request once granted

Wrap Up & Next Steps

- Upcoming meetings
 - April 18, 2025
- Submit comments or agenda requests for April 18th meeting by April 4th, 2025, to nwpp_northerngrid_staff@westernpowerpool.org

Thank You

Please submit comments & questions to:

nwpp_northerngrid_staff@westernpowerpool.org

or

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