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NorthernGrid

FERC Order 1920

Regional Transmission Planning

State Engagement Meeting

04 / 18 / 2025

Agenda April 18, 2025

- Welcome
- Evaluation Process & Selection Criteria – Update
- Voluntary Funding Approach
- Cost Allocation Formula
- State Engagement Discussion
- Wrap up & Next Steps

Evaluation Process & Selection Criteria Update



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.

Selection Criteria Update

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 “**least 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

*Sensitivity scenarios will be informational but will not influence the selection of projects into the plan.



Voluntary Funding Approach



Voluntary Funding

If a Long-Term Regional Transmission Facility does not satisfy the criteria for selection into the Long-Term Regional Transmission Plan, Relevant State Entities and Interconnection Customers may elect to fund all, or a portion, of the cost.

- Voluntary funding opportunities will be made available following the selection of projects or portfolios of projects into the plan.
 - Currently proposed to occur in the 2nd quarter of the third year of the planning cycle.
- The voluntary funding option may be exercised following the selection of the Long-Term Regional Transmission Plan and prior to the completion of the Draft Final Long-Term Regional Transmission Plan
- The Enrolled Parties Planning Committee will determine the amount of voluntary funding required to ensure that the project or portfolio of projects meets the selection criteria.

The amount of voluntary funding is subtracted from the total project cost and shall equal the amount that the project cost must be reduced to achieve a Benefit-to-Cost ratio of 1.25



Voluntary Funding

Example Benefit-to-Cost Ratio Calculation:

Long-Term Regional Transmission Project Capital Cost: \$100M

Long-Term Regional Transmission Project Net Benefit: \$100M

Benefit-to-Cost Ratio: \$100M Net Benefit/\$100M Cost = 1.0

Voluntary Funding Needed for Selection:

\$100M Net Benefit / (\$100M Cost – Voluntary Funding Amount) = 1.25

$\$100\text{M Net Benefit} / \underline{\$80\text{M Cost}} = 1.25$

Voluntary Funding Amount: \$100M - \$80M = \$20M

Cost Allocation Formula



Cost Allocation (Methodology)

Calculating proposed cost allocations: Determination of cost allocation based on percentage share of benefits to each ETO beneficiary:

- Proposed formula:

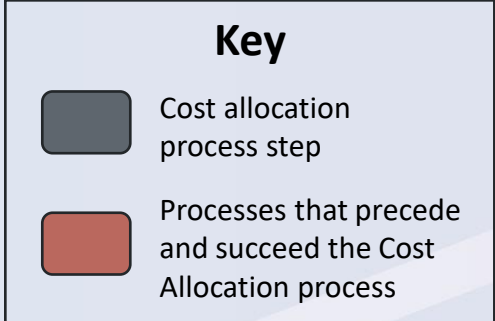
total dollar value of all benefits for specific ETO
[divided by]

total dollar value of all benefits for all NG ETOs

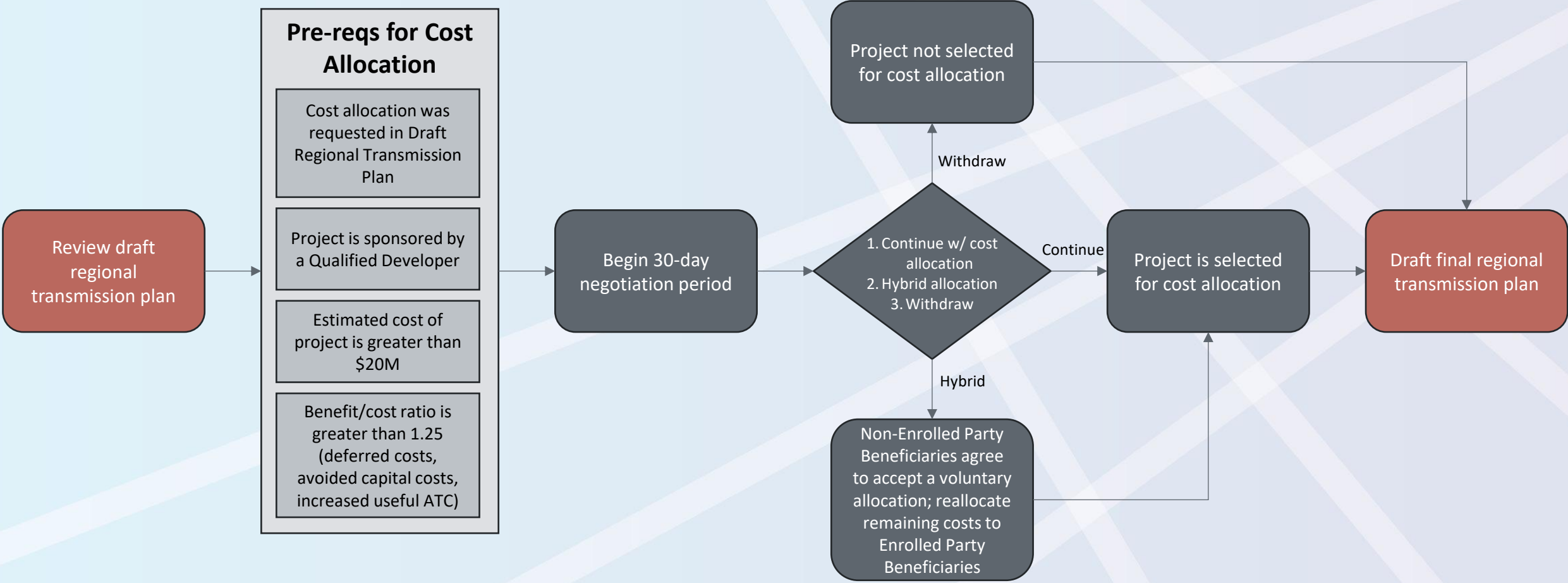
= the proposed cost allocation % to the specific ETO

For example: if Utility X would receive \$10M in benefits from a project that provides \$100M in benefits, Utility X would receive 10% of the cost allocation for the project if that project is selected in the regional plan for purposes of cost allocation. If the project was an \$80M project, Utility X would be allocated \$8M.

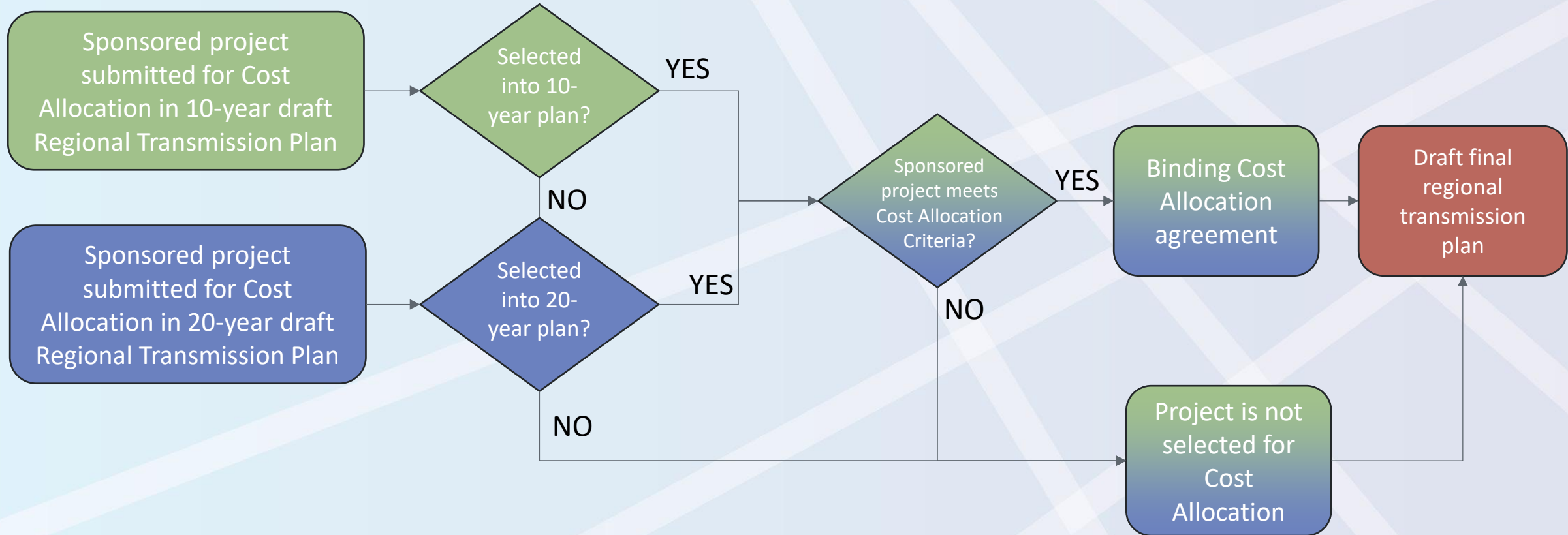




Existing Order 1000 Cost Allocation Process



Proposed 1920 & 1000 Combined Cost Allocation Process



*must be sponsored by a Qualified Developer

State Engagement Discussion



State Engagement Process

- Six-month extension granted April 1, 2025
 - NorthernGrid's six-month engagement period extended to November 1, 2025
- Options for continued state engagement process:
 1. Continue NorthernGrid meetings every 6 weeks, or another cadence
 2. NorthernGrid actively participates in the CREPC-TC Order 1920 Ad-Hoc Committee meetings
- Focus will continue to be cost allocation
 - Feedback on other topics to discuss?



Wrap- Up Thank You

Please submit comments & questions to:

nwpp_northerngrid_staff@westernpowerpool.org

or

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