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NorthernGrid

FERC Order 1920

Regional Transmission Planning

State Engagement Meeting

12/12/2024

Agenda

- 1920-A Overview
- State Engagement Process Discussion
- Cost Allocation Discussion
- Next Steps
- Open Discussion

1920-A Overview

- Scenario development
- Cost allocation method to be included in transmittal letter
- Transparency requirement post compliance
- Category factor seven modification
- Timing of first long-term planning cycle
- Up to a 6-month extension if requested by relevant state entities



State Engagement Process Discussion

- NorthernGrid has received feedback from both state entities and interested parties to allow some method for outside stakeholders to observe the state engagement process.
- Thus far the states have not determined a preference for how to do this.
 - NorthernGrid is prepared to support whatever the states prefer.
- Potential Options:
 - Allow outside stakeholders to attend state engagement meetings in listen only mode.
 - States can determine if portions of the meetings and/or entire meetings should be without outside stakeholders.
 - What are states preferences?



Cost Allocation Agenda

- Mandatory Cost Allocation Principles
- Defining the planning region
- Order 1000 cost allocation factors
- Voluntary participation of non-jurisdictional entities
- Off-Ramp for cost allocations



Mandatory Cost Allocation Principles

1. Non-jurisdictional entities are not required to enroll in a transmission planning region and, unless a non-jurisdictional entity voluntarily enrolls in a transmission planning region, non-jurisdictional entities are not required to accept a cost allocation;¹
2. The cost of transmission facilities that receive a FERC-mandated binding cost allocation must be allocated to those entities within the transmission planning region that benefit from those facilities in a manner that is at least roughly commensurate with estimated benefits;²
3. 100 percent of the costs associated with a regional transmission facility that receives a FERC-mandated cost allocation must be allocated to the beneficiaries of that facility within the region;
4. Those entities that receive no benefit from transmission facilities, either at present or in a likely future scenario, must not be involuntarily allocated any of the costs of those transmission facilities;³

¹Order No. 1000-A at P 276.

²Order No. 1000 at P 622 (stating Regional Cost Allocation Principle 1).

³Order No. 1000 at P 637 (stating Regional Cost Allocation Principle 2).



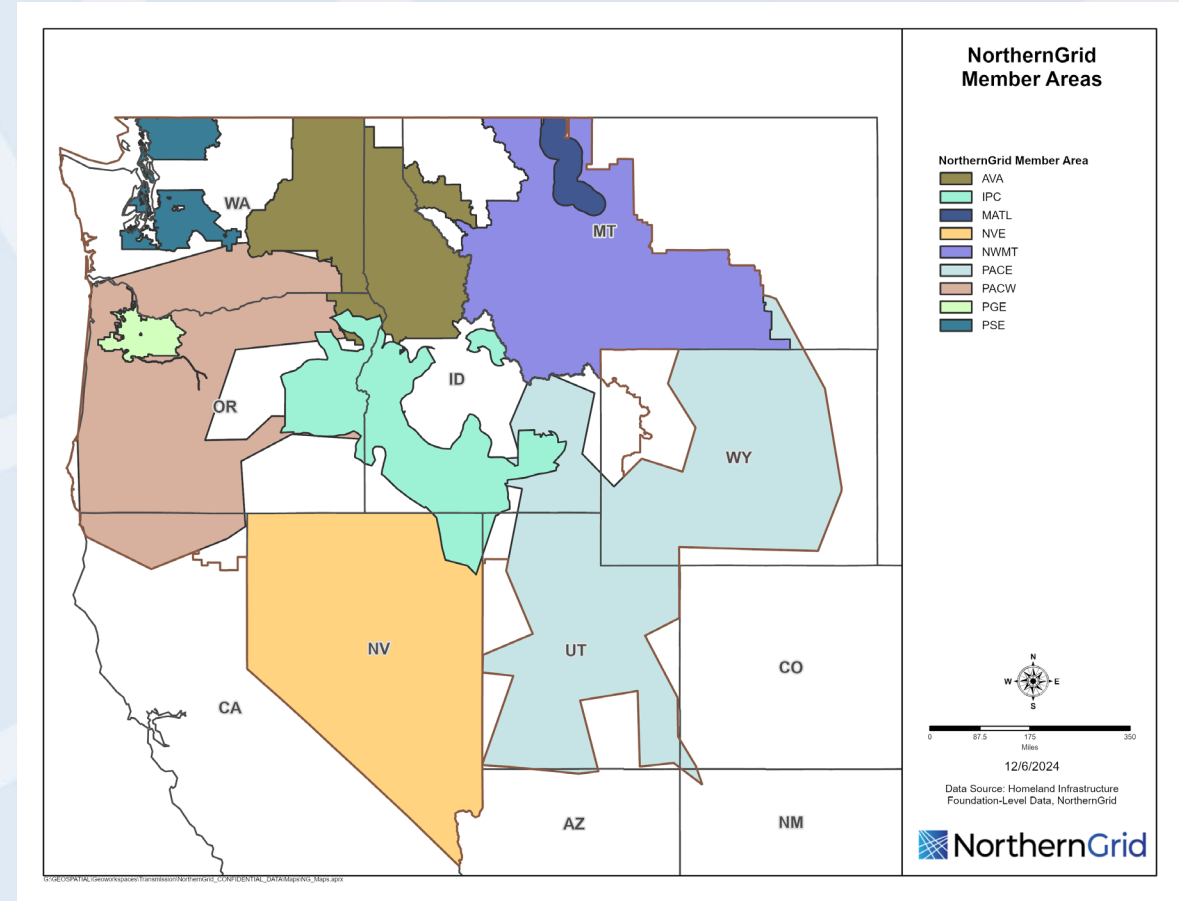
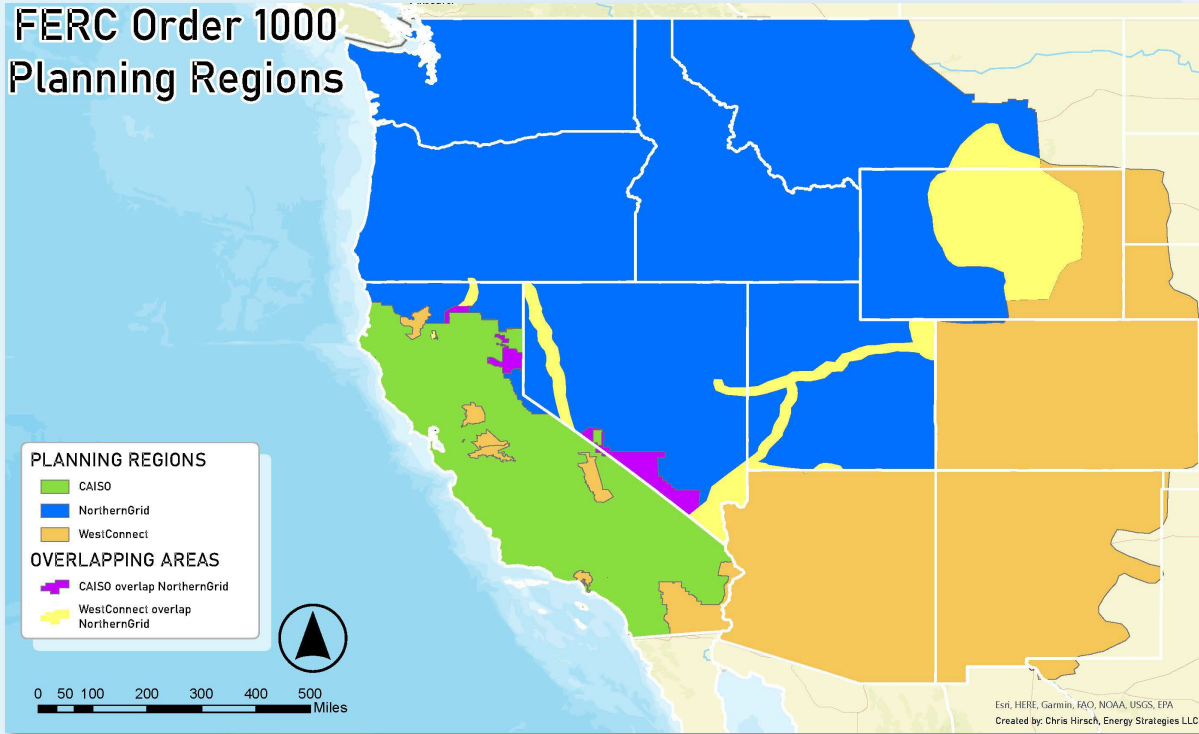
Cost Allocation Principles, Cont.

5. Costs of a regional transmission facility cannot be allocated to any entity outside the region unless such an entity voluntarily agrees to accept such cost allocation;⁴
6. FERC cannot choose to allow regions not to allocate costs to “beneficiaries” (those who are said to have “caused” the costs);

⁴*El Paso Electric Co. v. FERC*, 76 F.4th 352, 362 (5th Cir. 2023) (stating that FERC cannot “choose not to allocate costs to ‘those who *cause* the costs to be incurred and reap the resulting benefits’ . . . and [t]hus the distinction between extra-regional unintended beneficiaries and regional intended beneficiaries becomes critical. The former do not “cause” any costs to be incurred in a neighboring region. The latter do.”) (emphasis in original); *see also* Order No. 1000 at P 622 (stating Regional Cost Allocation Principle 1).



NorthernGrid FERC-Jurisdictional Entities



Order 1000 Cost Allocation Factors

- FERC authorized 1.25 cost-benefit ratio
- Well defined set of benefits
 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



Voluntary Participation and Off-Ramps

- Voluntary Participation
 - NorthernGrid has encouraged non-jurisdictional entities to voluntarily join the enrolled region and will continue to do so
 - To date however, no non-jurisdictional entities have enrolled
- For many of these entities, the decision not to enroll is not merely a preference
 - Some have asserted that statutory and other legal obligations prohibit them from doing so
- Off-Ramps for Cost Allocation
 - ColumbiaGrid previously included an off-ramp provision which was rejected by FERC¹

¹See *Avista Corp., et al.*, 143 FERC ¶ 61,255 at P 266 (2013) (rejecting compliance filings to that extent that they provided non-jurisdictional entities off ramps from cost allocation and holding that “to fully comply with the cost allocation requirements of Order No. 1000, cost allocation determinations for transmission projects selected in the regional transmission plan for purposes of cost allocation must be binding upon identified beneficiaries.”).



Cost Allocation Summary

1. Complex set of cost allocation principles FERC-jurisdictional entities must comply with
2. The current cost allocation process was carefully designed to comply with Order 1000 and to prevent cost-shifts that would ultimately impact retail customers
3. FERC's prescribed process for non-ISO/RTO regions including NorthernGrid's planning region creates challenges to the region's ability to perform comprehensive regional planning with cost allocation
4. NorthernGrid members have executed a planning agreement (in addition to Attachment Ks) to enable joint planning similar to FERC's process, but without the cost allocation provisions
 - For both FERC and non-FERC jurisdictionals



Next Steps

- Regular coordination meetings between NorthernGrid, WestConnect, and CAISO
- CREPC-TC Cost Allocation work presentation
 - Recommend meeting with NorthernGrid, WestConnect, and CAISO together to present this content
- Upcoming meetings
 - January 24, 2025 – agenda will include further discussion on cost allocation as it relates to Order 1920
 - March 7, 2025
 - April 18, 2025



Thank You

Please submit comments & questions to:

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or

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

