

Description of Meeting:	NTTG Cost Allocation Committee
Meeting Date:	June 3, 2015
Meeting Notes Prepared By:	Amy Wachsnicht
Approved for Posting:	June 10, 2015

1. Agenda:

- a. Agenda Review
- b. Approval of May 20, 2015 Cost Allocation Committee Meeting Notes
- c. Approval of May 27, 2015 Cost Allocation Committee Meeting Notes
- d. Approval of Revised Study Plan for Cost allocation
- e. Alternative Project Cost Allocation Template
 - i. Review Project Benefits provided by the TWG
- f. Round Table/Other Business

2. Discussions & Decisions:

Decision: Approval of May 20, 2015 Cost Allocation Committee Meeting Notes

- Amy Wachsnicht walked through the redlined changes to the May 20, 2015 Cost Allocation Committee meeting notes.
- The May 20th notes were unanimously approved for posting by both classes.

Decision: Approval of May 27, 2015 Cost Allocation Committee Meeting Notes

- Amy Wachsnicht walked through the redlined changes to the May 27, 2015 Cost Allocation Committee meeting notes.
- The May 27th notes were unanimously approved for posting by both classes.

Discussion: Approval of Revised Study Plan for Cost Allocation

- The Revised Study Plan for Cost Allocation was discussed during the May 27th Cost Allocation Committee meeting where the revisions were intended to eliminate the conflict in the study plan as a result of the prior Cost Allocation Committee discussion and also to make sure it aligns with the Attachment K.
- There were a few minor changes made to the Revised Study Plan during the meeting:
 - The date on the title page was updated to May 26, 2015 as a reflection of the most current version.
 - Page 2, Section III the term “scenario” was updated to “scenarios”
 - Page 3, Section IV
 - The word “was” was updated to “were” to reflect the change made to Section III.
 - Under “Resource Location/Type Allocation Scenarios” the word “out” was added to both C & D to read “Take out.”
 - The date of April 29, 2015 was added to the last sentence indicating the date when the Cost Allocation Committee approved the cost allocation scenarios.
- Previous changes made to the Study Plan for Cost Allocation, which were discussed during the May 27th Cost Allocation Committee meeting included (in bold):
 - Section III Language: *The DFRTP is the basis for creating the cost allocation **scenarios**. The Change Case will be the DFRTP **compared to the Initial Regional Plan (IRTP), as adjusted for updated Quarter 5 loads and resources. The cost allocation scenarios will also be compared to the IRTP.***
 - Section VI Language: *A common year will be selected for net present value calculations for all cases to enable a comparative analysis between each Change*

Case and the Initial Transmission Regional Plan, as adjusted for updated Quarter 5 load and resource data.

- Ray Brush asked if the Draft Final Regional Transmission (DFRTP) with the scenario cases A, B, C & D was compared to the Initial Regional Transmission Plan (IRTP) with the updated Q5 load and resources also included the same scenario cases.
 - Gil Coulam indicated that the IRTP did include the updated Q5 load and resource data, which was the direction given by the chairs of the Planning Committee. When comparing the scenario cases of the DFRTP to the IRTP, the IRTP did not include the scenario cases.
- Ray Brush's concern was that if the Technical Workgroup (TWG) did not change the resources and load patterns in the IRTP as they were changed in the DFRTP scenario cases, and the benefits showing are the changes in the resources and load and not the transmission system.
 - If the TWG is looking at a different future in the DFRTP scenario cases, then the same future needed to be reflected in the IRTP so that the comparison can show how the change in the transmission plan provides benefits or not.
 - By not changing the load and generation patterns in the IRTP when comparing against the scenario cases, the only real comparison is between the DFRTP and the IRTP.
- A concern with Ray's observation is that this could mean a change in the Revised Study Plan which was approved by Steering and would also require a discussion with the Cost Allocation and Planning Leadership to see if the dates laid out in the Attachment K can be met.
- Gil Coulman indicated that it could take the TWG up to 4 weeks to go back to the IRTP, make adjustments with the scenarios A, B, C and D as was done with the DFRTP and then making the comparisons.
- Due to the nature of the Ray Brush's concern, Sharon Helms invited Dave Angell, the Chair of the NTTG Planning Committee to join the call.
 - Ray Brush reiterated his concern to Dave and gave the example of Scenario A, where 1,000 MW of load was added to the DFRTP but not added to the IRTP. In comparing the DFRTP in the losses, NTTG is seeing the difference in the load pattern and not the change in the transmission system. NTTG is looking for the benefit of the change in the transmission system which is not actually occurring.
 - The IRTP and the DFRTP were updated with the Q5 load and resource data and the comparison between the two are appropriate, however when looking at the Scenarios A, B, C & D, NTTG is not making the same comparison and seeing the changes in the load and resources not the transmission system.
- Dave Angell agreed that one cannot have different load and resources to compare against and asked Gil Coulam to give a brief description on what the TWG has done so far:
 - The TWG took an average of the losses in the IRTP, updated with the Q5 load and resources.
 - The TWG then created the 4 scenario cases from the DFRTP. These scenario cases were from the summer peak load case. They took the ratio of the average summer losses for each scenario to come up with an annual loss average to compare against the average losses of the IRTP.
- Dave indicated that in terms of the scenarios, they were intended to provide a range of future outcomes for the DFRTP so that NTTG could look at what the benefits are for a particular project over a range of scenarios. He did not anticipate the level of detail in having to go back to the IRTP and that the concept is to make sure the benefits still hold over a range of scenarios. NTTG is trying to find the benefit of the project in the final plan.
- Ray Brush commented there could be two purposes, looking at how robust the transmission plan is, and determining cost allocation.
 - Doing a comparison on the transmission system with these scenarios does not show the benefits of the transmission system.

- Sharon Helms informed the committee that she and Gil Coulam had a discussion with Malcolm McLellan regarding the question of, now that NTTG has the 4 scenarios and results, how are they going to be used by the Cost Allocation Committee and does the Cost Allocation Committee have the latitude in the Attachment K based on the Committees assessment of the reasonableness of the results to determine whether to use one, some, none or all of those scenarios.
 - Malcom McLellan indicated that the scenarios needed to be applied by the TWG and the Planning Committee. The TWG goes through and compares the plan using the 3 economic metrics (capital costs, losses and reserves) to identify the set of least cost projects, and then using the cost allocation scenarios the TWG would see if the project is still the most efficient or cost effective solution.
- The question to the committee was whether NTTG needed to go back and modify the Study Plan and change the basis for which the scenarios were utilized.
 - The details of the cost allocation scenarios were described in the Study Plan for Cost Allocation saying that: *The Change Case will be the DF RTP compared to the Initial Regional Plan (IRTP), as adjusted for updated Quarter 5 loads and resources. The cost allocation scenario will also be compared to the IRTP.*
 - In comparing the DF RTP to the IRTP having the same load and resources for each of the scenarios would seem logical.
 - It was felt that the Study Plan did not need to be modified since it said the DF RTP would be the basis for creating the scenarios.
 - That being said, there are modifications that would need to be made in the cases that did not occur.
 - Gil Coulam indicated that it would take about three to four weeks to make the modifications, comparisons and to solve the cases.
- The next question to the committee was how NTTG is going to use the scenarios in the cost allocation.
 - Sharon Helms commented that Malcom felt the scenarios were not intended to be used in cost allocation by the Cost Allocation Committee. The scenarios would be used by the TWG to help identify the most efficient and cost effective projects and to identify benefits and beneficiaries. Taking the information provided from the TWG, the Cost Allocation Committee would then take the benefit, eliminate the outliers and do the reallocation of the benefits to the beneficiaries with head room under the 1.10 ratio.
 - Dave Angell differed with that assessment as there is a different section that pertains to cost allocation, indicating the scenarios will be used for cost allocation and that the scenarios will create a range of futures intended to be incorporated into the benefits and beneficiaries.
 - Due to this discrepancy, Sharon suggested to have another conference call with Malcolm McLellan, Dave Angell and John Leland to further discuss.

Discussion: Alternative Project Cost Allocation Template

- Dave Angell asked how the scenario cases were weighted. This prompted to bring up the Alternative Project Cost Allocation Template.
- The committee reviewed the spread sheet and in the spread sheet the scenarios all have an equal weighting. It was suggested that the DF RTP should have a higher weighing as it is the most likely outcome over the four scenarios.
- Planning Benefit Tab: Loss Metric Comparisons (Lines 34 – 54)
 - Lines 36 – 41 show the dollar amount for the IRTP, the DF RTP and the four scenario cases.
 - Lines 45 – 49 are the comparisons between the IRTP and the DF RTP and the IRTP to each of the four scenario cases.
 - In the comparison of the IRTP and the scenario cases, the IRTP does not include the load and resource changes as in each of the scenario case.

- Cost Allocation Template Tab:
 - Step 3 includes the weight of the scenarios, which as discussed earlier and shows the scenarios as being weighted equally.
 - For Criterion A: *The net benefits attributed in any scenario are capped at no less than 50% and no more than 150% of the average of the unadjusted, net benefits (whether positive or negative)*
 - All the scenarios are with in the capital cost range of the average 50% or 150%.
 - For Criterion B: *If the average of the net benefits, as adjusted by (a) above, across the allocation scenarios is negative, the average net benefit to that Beneficiary is set to zero.*
 - PacifiCorp has an average negative net benefit, therefore their benefits are set to zero.
 - Under the 1st Round of Allocated Costs
 - The Benefits are adjusted for each of the Criterion A & B, then the net benefits for each of the different scenarios are adjusted and distributed back to a capital cost proportional allocation.
 - Lastly the ratio of adjusted net benefits of allocated costs to each of the beneficiaries are showing as 1.1.
 - The beneficiaries box below the “1st Round of Allocated Costs” shows the beneficiaries and indicates the loss benefits accrue 100% to each of the beneficiaries, but the capital costs of the unsponsored project should be split 50% to PACE BAA LSE’s and 50% New WY Generation.
 - This is based on what is driving the unsponsored project, the load in Utah and Idaho PACE system, and they choose to get their resources for that load from the Wyoming Wind.
- Dave Angell asked for clarification on where the change case of the project being in or out of the plan was captured.
 - Looking back on the Planning Benefit Tab that comparison was being made in the Loss Metric area and carried over to the Cost Allocation Template.
 - Since the Reserve Metric showed zero, that data was not carried over.
 - The IRTP Q5 Updated case includes the Energy Gateway Project. The DFRTP case does not include the Energy Gateway but does include the Alternative Project.
 - For Scenario A – The comparison is the IRTP with the Q5 updated data (including the Energy Gateway Project) to the DFRTP Scenario A (including the Alternative Project).
- In going back to Ray Brush’s concern of evaluating against the IRTP, there needs to be a change to the load and resources between both cases. The current comparison without those modifications is what is driving the change and not necessarily the projects.
 - Therefore the current data is not useful.
- Gil Coulam asked the committee, if for this cycle the TWG could use the IRTP summer case to create the four scenario cases and compare them to the DFRTP summer cases. Based on other analysis done, the TWG can translate that into an equivalent annual energy change in losses. A note would be added that this was a simplified approach.
 - The general consensus of the committee was support for this approach.
- This approach would not require changes to the Study Plan approved by the Steering Committee nor does it require any additional modifications to the Revised Study Plan for Cost Allocation.
- With limiting the modifications to the summer cases, Gil Coulam commented the TWG could get the studies and analysis done in two weeks by June 16, 2015.
 - Gil Coulam will work simultaneously on drafting the DFRTP.
- Dave Angell suggested that the TWG consider weighting the base case at a higher value than the scenario cases. He requested that the TWG come up with a method for weighting.



Decision: Approval of Revised Study Plan for Cost Allocation

- With there not being any additional modifications to the Revised Study Plan for Cost Allocation it was suggested to proceed with approval of the Study Plan as modified during the meeting.
 - Once approved, the Revised Study Plan will be sent to the Planning Committee for approval.
- Sharon Helms reiterated that it would be beneficial to have a conversation with Malcom McLellan about his interpretation of how the allocation scenarios are to be used.
- With a motion by Bela Vastag and a second by Ray Brush, the Revised Study Plan for Cost Allocation was **unanimously approved as modified during the meeting by both Class 1 and Class 2.**
- Sharon Helms will add the approval date of the Cost Allocation Committee and send the redlined version to the Planning Committee for approval.

Discussion: Round Table/Other Business

- Ray Brush had an additional modification on the spread sheet. In the Study Plan for losses it identifies the beneficiaries will be the transmission providers, however the spread sheet show's LSEs.
 - Changes need to be made to Line 52 on the Planning Benefit Tab and an additional line needs to be added to Line 127 on the Cost Allocation Template Tab.
 - Gil Coulam will work with John Leland to make this change.
- Upcoming Cost Allocation Committee Meetings:
 - June 10th – Review and discuss the outline for the DFRTTP for cost allocation.
 - June 17th – Review and discuss the revised data and language to the DFRTTP after the TWG completes their analysis on June 16th.

3. Assignments:

Item #	Assignment	Owner	Target Date	Status
1.				
2.				
3.				
4.				

Next Meeting: The next Northern Tier Cost Allocation Committee Meeting is scheduled for June 10th at 11am Pacific.

- Dial: **(630) 869-1013**
- Access Code: **579-186-509**



Attendees:

<u>NTTG Cost Allocation Committee Member Representatives</u>		
Membership Class 1		
Ray Brush, NorthWestern	Amy Light, Portland General	Courtney Waites, Idaho Power
Marshall Empey, UAMPS	Clay MacArthur, Deseret	
Membership Class 2		
Johanna Bell, Idaho PUC	Marci Norby, WY PSC	Bela Vastag, UT OF CS
Bob Decker, MT PSC	Jamie Stamatson, MT CC	
Belinda Kolb, WY OFC CA		
<u>Other NTTG Members & Guests</u>		
Dave Angell, Idaho Power	Sharon Helms, NTTG	Amy Wachsnicht, NTTG
Gil Coulam, NTTG		