



<b>Description of Meeting:</b>	<b>NTTG Cost Allocation Committee</b>
<b>Meeting Date:</b>	<b>June 17, 2015</b>
<b>Meeting Notes Prepared By:</b>	<b>Amy Wachsnicht</b>
<b>Approved for Posting:</b>	<b>June 24, 2015</b>

**1. Agenda:**

- a. Agenda Review
- b. Approve June 10, 2015 Meeting Notes
- c. Review Revised Cost Allocation Input Template Changes
- d. Review Cost Allocation Report with final allocations: Draft Final Regional Transmission Plan
- e. Round Table/Other Business
- f. Next Steps: June 24<sup>th</sup> Meeting

**2. Discussions & Decisions:**

**Decision: Approve June 10, 2015 Meeting Notes**

- It was noted that quorum requirements were not met in Class 1. Due to this, it was suggested the approval of the June 10<sup>th</sup> Cost Allocation Committee Notes be moved to the end of the agenda.

**Discussion: Review Revised Cost Allocation Input Template Changes**

- Following the last Cost Allocation Committee meeting, John Leland spent time with Larry Nordell walking through the template worksheet.
- John Leland walked through the changes on the Planning tab of the template worksheet. Some of the changes made were formatting and cosmetic to be consistent with the Draft Final Regional Transmission Plan (DFRTP) language. Other changes were to address Larry Nordell's concerns from the last Cost Allocation Committee meeting.
  - Project Capital Cost:
    - Quarter 1 Initial Regional Transmission Plan (IRTP)
      - Included Energy Gateway West & South rolled up as a project from PacifiCorp. There were additional projects, where cost allocation was not requested.
    - Quarter 4 Draft Regional Transmission Plan (DRTP)
      - Through analysis, the Energy Gateway project was not selected into the Draft Regional Transmission Plan and an Alternative Project was identified.
    - Quarter 6 DFRTP
      - Between Quarter 4 and Quarter 6, updates were made to generation and load in the PacifiCorp BAA based on analysis in Quarters 3 and 4 which led to the Revised 2014-2015 Biennial Study Plan to account for the changes.
      - The TWG looked at how the changes affected the DRTP and found there was an increase in generation in the Wyoming area of new wind resources (incremental generation additions).
      - This led to increased load in the PacifiCorp BAA LSE loads. The TWG is working to finalize the analysis, but the total is around 1,500 MW of generation and load.
      - The TWG found that the Alternative Project needed to be larger to accommodate the changes. This project includes the Quarter 4 Alternative Project with an additional transmission facility.
  - Beneficiary Calculation:

- Comparing the capital costs of the projects of the Quarter 1 IRTP, Quarter 4 Alternative Project and Quarter 6 Alternative Project, the DFRTTP benefit is \$1.9 billion.
- Total Benefits Based on MW:
  - John Leland informed the committee that the MW numbers for new Wyoming wind, incremental load and incremental generation were theoretical at this time as he is waiting for final numbers from the TWG.
  - The benefit of \$1.9 billion was broken down by MW to define who should receive or cause that benefit to occur. In a discussion with legal, it was felt that stopping at the generators was not sufficient and needed to go down to the LSEs.
  - Using the 1,500 MW in Wyoming as an example John Leland indicated he was trying to define who the LSEs are in the PacifiCorp BAA. At this time he did not have that information as he was waiting on final data.
  - John Leland also indicated that it is important to include the conditions NTTG assumed in this cycle that drove the need of the 1,500 MW so if and when a project sponsor goes to those defined LSEs for cost recovery they are aware of the conditions to make this a viable allocation.
- Since the generation is in the future, it may not be possible to have the names of the generators. John Leland is looking to write the language so that it is broad enough that any generator in Wyoming that uses the line to get their load out of Wyoming are potentially those that could be allocated costs associated with the Alternative Project.
- John Leland indicated that he is using the load and generation MWs to allocate the \$1.9 billion benefit costs to beneficiaries.
- Larry Nordell raised a concern with designating the LSEs as beneficiaries. In the cost allocation methodology, the transmission line that that is being displaced or replaced, and the benefits would be assigned under that methodology. If the project sponsor pursues the project it is up to them to find those who will share in the costs. An issue he had with the methodology, is that it is decided there is incremental wind generation in Wyoming that is being allocated costs to the LSEs rather than evaluating the best way to serve the loads to the LSEs. The savings is that PacifiCorp is not spending the money on the project.
  - John Leland reviewed the beneficiary definition in the Attachment K – *“shall mean any entity, including but not limited to transmission providers (both incumbent and nonincumbent), Merchant Transmission developers, load serving entities, transmission customers or generators that utilize the regional transmission system within the NTTG Footprint to transmit energy or provide other energy-related services.”*
  - John Leland agreed with Larry’s concern which was one of the reasons the Committee Chairs engaged legal and it was legal who wanted to get down to the more granular level. The rationale is that NTTG says that cost allocation is not cost recovery and NTTG needs to say the conditions in the planning studies that drove to the beneficiary allocation.
- Larry Nordell indicated that his concern with the LSE could have the load served from somewhere else and the cost allocation depends on where the load is served which can create a larger variance in the scenarios.
  - John Leland explained that the load distribution was in the PacifiCorp BA throughout PACE and PACW while the generation distribution had some in Montana.

- This is another reason NTTG needs to say the conditions in the planning studies that drove to the beneficiary allocation.
  - Bela Vastag shared Larry's concerns. Going back to the beginning the Alternative Project needed when Energy Gateway was removed and extra wind was modeled in Wyoming a reliability need was not met in the export case.
    - John Leland clarified that the DFRTP included the 1,500 MW in all cases of incremental generation and load and not just in the export case.
      - Even if it is one case, as long as it is a legitimate case and if the transmission I needed and is supported by whatever the transmission provider is proposing in their plan, they would have to be confident if they move forward with the project to get a successful cost recover from FERC.
  - Larry Nordell's commented in looking at the scenarios, if one scenario is with 1,500 MW in Wyoming and the LSE consuming using the power, and the other scenario in which the LSE's rely on wind or generation within their service areas one would get a very different benefit distribution across the different scenarios which might be more reflective of the likely outcomes. Currently all scenarios show the wind in Wyoming.
    - John Leland explained that the 1,500 MW incremental generation and load is not a decision point, it was provided by PacifiCorp as their load forecast for new generation and additions. The cost allocation scenario may have taken some of that or moved it around because of the assumptions.
  - Upon further discussion it was suggested that these concerns regarding the scenarios could be part of the lessons learned that the committee is keeping track of and help with the development of further scenarios and lead to possible revisions of the Attachment K.
  - Shay LaBray explained that the Committee Chairs had discussions with legal around clarifying the conditions around the transmission use and identification of the rights that would be assumed if these benefits were to be realized.
    - A part of the Attachment K requirement is to not only identify the beneficiaries but to take the next step to state for those beneficiaries, what the transmission rights and ownership like rights would be available in order for those beneficiaries to receive benefits.
      - That is something in the Attachment K that the Cost Allocation Committee is responsible for, but in talking with the Planning Committee Chairs it is not really something that Cost Allocation Committee has the insight to with the same granularity as the Planning Committee.
      - The Attachment K could be revised so that it would be the Planning Committee's responsibility. John Leland is working with others to include that in the report for this cycle.
  - Going back to the cost allocation template John Leland explained he used a fix charge rate of 14.4% to convert the capital related costs dollars to an annualized number. The loss and reserve metrics did not change.
- Cost Allocation Tab:
  - The methodology is the same but now includes the capital costs.
  - Based on Larry Nordell's suggestion during the last meeting, John Leland updated the cost allocation results into a total present value (TPV) instead of an annual number. He used the 14.4% fix charge rate to convert the TPV to the levelized number.
  - The beneficiaries show the LSEs for losses, and generators for the capital costs.
- John Leland informed the committee that the discussions around the capital cost allocation is a Planning Committee discussion and if the committee wanted he could work with the Planning Committee to make any changes necessary or this could be put into the lessons learned and move forward with the DFRTP with caveats.

- The general consensus of the Cost Allocation Committee was to move forward as is with the DFRTP.
- The intent is to have final numbers in the template worksheet by the next Cost Allocation Committee meeting for a final walk through. .

**Discussion: Review Cost Allocation Report with final allocations**

- Shay LaBray reviewed the draft language for the Cost Allocation section of the Draft Final Regional Transmission Plan (DFRTP). At this time the section is still a work in progress as the committee is waiting for the final results from the TWG.
- The Draft Regional Transmission Plan from December 2014 is posted on the NTTG website and Gil Coulam indicated that due to the activities done this year, he is creating a separate report for the DFRTP which he is planning on folding in the cost allocation sections into that report. The TWG is working to have the results finalized for cost allocation by the end of the week.
- It was suggested that having the overall content that proceeds the cost allocation sections would be helpful.
- Joni Zenger commented that in reviewing the document, whenever there was mention of the Alternative Project, it was noted as more economic or cost effective, and in some instances more efficient or cost effective. She indicated that she had a concern because economic does not mean cost effective.
  - John Leland answered that she was correct and that is why the word “or” is between the two. He also commented that Order 1000 terminology is “more efficient or cost effective” and that the goal is to find a plan that is more efficient or cost effective than the starting NTTG plan.
- Joni informed the committee that she will send her comments along with the highlighted language for the committee to review.
- Cost Allocation Report Review:
  - Introduction:
    - Provides an overview on Cost Allocation Committee responsibilities and how the requirements of the Attachment K have been met.
  - Cost Allocation Scenarios:
    - The intent was to develop the scenarios in Quarter 2 however that occurred in Quarter 4 and were approved in Quarter 5.
      - This will be added to the lessons learned section to discuss the timing and when it occurs.
    - A description of each cost allocation scenario was included along with tables associated with the scenarios.
  - Cost Allocation Study Plan:
    - In Quarter 6 there was a revision to the Quarter 2 Study Plan clarifying the Planning Committee would be comparing the DFRTP to the Initial Regional Transmission Plan (IRTP) incorporating the cost allocation scenarios A, B, C & D.
    - This section describes the TWG activities in implementing the scenarios and identifying the values for each of the metrics (capital costs, losses and reserves).
    - John Leland informed the committee that given the changes that came from Friday’s meeting with the Committee Chairs and legal and the Planning side of the template worksheet, he is in the process of rewriting this section.
    - Shay LaBray requested that if committee members felt that any concepts were not captured in the draft report to please email those so they can be incorporated into the final version.
  - Cost Allocation Template:

- This section walks through each of the worksheets, Planning and Cost Allocation.
  - John Leland indicated that he had put the details of the Planning Committee activities in this section, but it could be decided that this section would be moved to the planning section of the report, or taken out depending on the language received from Gil Coulam.
  - The Cost Allocation Worksheet describes the worksheet overall and the steps involved.
  - The template worksheet will be attached to the DF RTP as an appendix.
- The results section of the report is still to be determined as the committee is waiting for the final results from the TWG.
- Gil Coulam informed the committee he had drafted language on how the cost allocation scenarios were incorporated in the base case.
- The lessons learned section language has not been included. The goal is to have the draft language included by the next Cost Allocation Committee meeting.
- Shay LaBray, John Leland and Gil Coulam will be working to finalize the language with the intent to have a final version ready to be circulated by Monday, June 22<sup>nd</sup> in advance of the June 24<sup>th</sup> Cost Allocation Committee meeting.

**Discussion: Round Table/Other Business**

- Quorum requirements still had not been met for Class 1 and the June 10<sup>th</sup> meeting notes approval will be deferred until the June 24<sup>th</sup> Cost Allocation Committee meeting.

**Discussion: Next Steps**

- June 24<sup>th</sup> Cost Allocation Meeting:
  - Approve the June 10<sup>th</sup> and June 17<sup>th</sup> Cost Allocation Committee meeting notes.
  - Review Cost Allocation Template with final cost allocation results and planning benefits.
  - Review and discuss completed draft of the cost allocation section for the DF RTP.
  - Review and discuss the Cost Allocation Committee Presentation for the June 30<sup>th</sup> Stakeholder meeting.

**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 24<sup>th</sup> at 11 am Pacific.

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



**Attendees:**

<b><u>NTTG Cost Allocation Committee Member Representatives</u></b>		
<b>Membership Class 1</b>		
Shay LaBray, PacifiCorp	Amy Light, Portland General	Courtney Waites, Idaho Power
<b>Membership Class 2</b>		
Johanna Bell, Idaho PUC	Larry Nordell, MT CC	Bela Vastag, UT OF CS
Bob Decker, MT PSC	Marci Norby, WY PSC	Joni Zenger, UT Div. PU
Belinda Kolb, WY OFC CA		
<b><u>Other NTTG Members &amp; Guests</u></b>		
Gil Coulam, NTTG	Jamie Stamatson, MT CC	Amy Wachsnicht, NTTG
John Leland, NTTG		