



Order 890 Requirements

Planning Meeting

March 14, 2007

Portland Airport Sheraton

“To insure efficient, effective, coordinated use and expansion of the member’s transmission systems in the Western Interconnection to best meet the needs of customers and stakeholders. “



Order 890 Requires

- Coordinated, open, transparent transmission planning
 - On both the Local and Regional level:
 - Each Transmission Provider must propose a planning process that complies with the 9 principles and concepts in Order 890
 - Process needs to coordinate with customers, neighboring TP's, state authorities, and stakeholders such that plans are not developed in an unduly discriminatory manner.
 - Compliance filing in 210 days after Federal Register
 - Regional Technical conferences within 90 days of FR
 - TP's should post a Strawman within 75 days of FR



Planning Strawman

- FERC will use these to inform technical conferences and give further guidance
- Describe how the proposed planning process complies with each Order 890 planning principles
- Include a “specification” of the broader region in which the TP will conduct coordinated regional planning
- Consult with stakeholders to develop the strawman.

We're here to kick off the open Strawman development process



Northern Tier Goals re Order 890

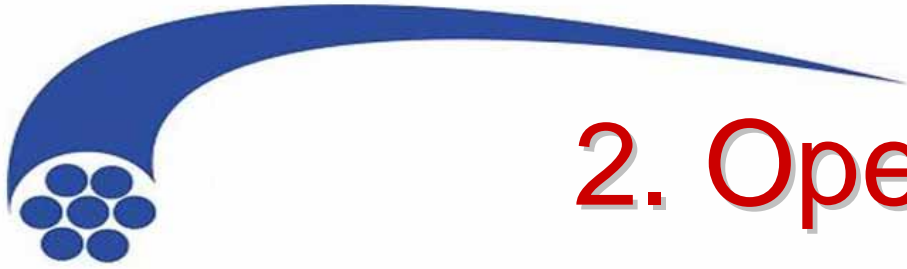
- Engage an open development process
- Augment existing NTTG and WECC processes and initiatives
- Strawman that meets:
 - Order 890 planning requirements & principles
 - Needs of member customers, states and stakeholders
 - Reliability and economic system analysis and plans
 - Analysis for new aggregated planning and requests, conditional firm parameters, congestion management, redispatch
 - Cost Allocation methodology
 - Timelines required by Order 890



Order 890 Planning Principles

1. Coordination

- FERC Requires:
 - “appropriate lines of communication” between:
 - Transmission Providers
 - Transmission-providing neighbors
 - State authorities
 - Customers
 - Other stakeholders
 - FERC is flexible on process details
 - Final responsibility lies with transmission providers
- NTTG Compliance:
 - A clearly organized, inclusive planning process
 - Collaboration with neighbors and WECC/TEPPC
 - Well integrated with state IRP processes



2. Openness

- FERC Requires:
 - Planning meetings open to all affected parties
 - Smaller subsets are OK on specific issues but overall development of the plan must be open
 - Confidentiality and Standards of Conduct mechanisms must be developed
- NTTG Compliance:
 - NTTG is committed to open planning meetings
 - Significant work already done on SOC



3. Transparency

- FERC Requires:
 - TPs must disclose their basic criteria, assumptions, & data
 - Methodologies, criteria, and process must be published so that they are consistently applied
 - Others are expected to provide the same information
 - SOC compliance is critical
 - Need CEII safeguards
- NTTG Compliance:
 - NTTG expects to work with WECC/TEPPC on improved data sharing mechanisms
 - Significant work already done on SOC



4. Information Exchange

- FERC Requires:
 - Transmission customers are required to submit info on projected loads and resources
 - Network, native load, and PTP customers information will be supplied on comparable basis
 - TPs must develop a process, format and schedule for submittals
- NTTG Compliance:
 - NTTG expects to work with WECC/TEPPC on means to assure all customer needs are comparably represented
 - NTTG has already started work on comparing IRP processes



5. Comparability

- FERC Requires:
 - Treat similarly situated customers comparably in transmission planning
 - Meet the specific service requests of transmission customers
 - Demand Side resources should be treated on a comparable basis as generation resources
- NTTG Compliance:
 - NTTG providers will commit to comparable treatment of all customers
 - NTTG processes will support inclusion of customer needs



6. Dispute Resolution

- FERC Requires:
 - Attempt resolution of all disputes arising from Planning Process before parties can turn to the commission
 - Existing ADR can be used if it specifically addresses planning disputes
 - Must address both substantive and procedural planning disputes
 - Will not cover any issues over which the FERC does not have jurisdiction (i.e. siting)
 - Looks for three steps: 1) negotiation 2) mediation 3) arbitration
- NTTG Compliance:
 - Senior executive participation gives a good start
 - Open process should be designed to avoid disputes
 - NTTG will consider WECC ADR process



7. Regional Participation

- FERC Requires:

- TPs are required to coordinate with interconnected systems:
 - Share system plans to insure simultaneous feasibility
 - Identify enhancements that could relieve congestion or integrate new resources
- Existing regional processes can be used but must:
 - Be open and inclusive
 - Address both reliability and economic considerations
 - Coordinate these issues across the region
- Sub-regions must have adequate scope and coordination

- NTTG Compliance:

- NTTG will participate as a sub-regional member in WECC/TEPPC regional planning
- NTTG has reached out to neighbors to address coordination



8. Economic Planning Studies

- FERC Requires:

- Providers must include economic planning in addition to reliability:
 - For comparability to TP native load customer treatment
 - To reduce congestion and re-dispatch costs
 - To provide customers with studies showing benefits of joint projects and aggregation of requests in common areas
- Does not obligate TP to fund economic projects
- Provides customers with ability to request particular studies
- Does not supplant existing individual customer request processes
- Requires customers, stakeholders, merchants to provide economic data

- NTTG Compliance:

- NTTG will regularly study “significant and recurring” congestion
- NTTG will consider local and region-wide economic projects
- NTTG will support WECC/TEPPC modeling and study capability



9. Cost Allocation for New Projects

- FERC Requires:
 - Planning processes must address cost allocation for joint projects, economic projects and projects that do not fit into existing OATT cost allocation principles
 - FERC will not prescribe a particular method
 - FERC guidance includes:
 - Fair allocation to beneficiaries
 - Adequate incentives to construct
 - Support by state authorities and region wide participants
- NTTG Compliance:
 - NTTG has an active work group led by state commissions
 - Recognize work done by RMATS and TREG



Other Planning Issues

- Encourages consideration of Independent Third Party Facilitator
- Encourages State participation
 - Encourages collaboration among states and formation of groups like regional state committees
- Encourages providers give consideration to approved planning processes such as those implemented by RTO's, ISO's and proposed by AWEA
- TPs should work with stakeholders and states to develop recovery mechanisms for planning costs
- FERC will not mandate Open Season Procedures but encourages joint project development



Strawman Development Process

- **Strawman to Cover Basic Elements**

- Integrates NTTG utilities and region
- Meets all nine FERC principles
- Meaningful stakeholder contribution

- **Timeline**

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|---|----------|
| – Draft development Process to stakeholders | Today |
| – High level proposal to stakeholders (meeting) | March 30 |
| – Complete draft strawman out for review | April 16 |
| – Stakeholder comments received | April 30 |
| – Strawman complete and posted | May 15 |