Semi-annual Transmission Update

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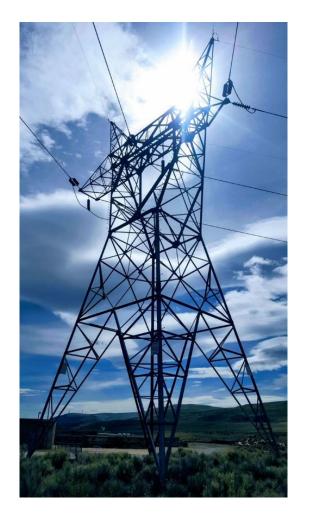
Why We're Here Today

No Action Required

Transmission Policy Update

FERC transmission developments

DOE transmission developments





"Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection" Notice of Proposed Rulemaking

- Proposed changes to FERC's pro forma tariff related to regional transmission planning and regional cost allocation
- Only applies directly to Chelan PUD if we voluntarily adopt
- Chelan PUD is not enrolled in NorthernGrid's regional planning process and is not subject to regional cost allocation

Regional transmission planning reforms

- Use Long-Term Scenarios to identify transmission needs driven by changes in resource mix and demand
 - At least four "plausible and diverse" scenarios, developed every three years
 - No less than 20 years in the future
 - Incorporate FERC-identified categories of factors affecting transmission needs
 - Consider geographic zones with potential for large amounts of new generation

Regional transmission planning reforms (continued)

- Consider transmission facilities that address recurring generator interconnection needs
 - Interconnection studies identify transmission needs that are not constructed due to applicant withdrawals
 - Threshold of 200kV or \$30 million for inclusion in transmission planning
- Consider dynamic line ratings and advance power flow control when evaluating regional transmission needs

Regional Transmission Cost Allocation

- Includes cost allocation process that is proposed in the OATT beforehand, developed through a "State Entity Agreement Process", or a combination of the two
- Eliminates ability for projects in progress to be included in regional cost allocation
- Reinstates the "right of first refusal" for incumbent transmission projects for regional projects, if they propose joint ownership (with municipals, among others)
- Require added transparency in local planning processes



Transmission Planning NOPR's potential impact

- Will affect NorthernGrid's regional planning process for enrolled members
- Only applies directly to Chelan PUD if we voluntarily adopt

 Chelan PUD involvement in FERC docket through LPPC comments due July 18



DOE Transmission Development

"Building a Better Grid" Initiative

- Transmission Facilitation Program: financing tools to spur construction
- May 10th Notice of Inquiry/Request for Information
 - Capacity contracts with eligible projects and DOE as an "anchor customer"
- Future Notice of Inquiry/Request for Information (early 2023)
 - DOE Loans
 - DOE participation in public-private partnerships

