

# **CREPC 1920 Ad Hoc Committee Meeting Notes**

**Wednesday, June 25, 2025**

**11:30 a.m. - 1:30 p.m. Pacific / 12:30 a.m. – 2:30 p.m. Mountain**

## **Roll Call**

- **Arizona:**
  - Commissioner Nick Myers, Arizona Corporation Commission
- **California:**
  - Audrey Neuman, proxy for Commissioner Darcie Houck, California Public Utilities Commission
- **Colorado:**
  - n/a
- **Idaho**
  - Commissioner Dayn Hardie, Idaho Public Utilities Commission, and proxy Brenna Garro, Governor's Office of Energy and Mineral Resources
- **Montana**
  - Jeff Blend, Montana Energy Office, proxy for Kyla Maki, Montana Energy Office
- **New Mexico:**
  - Meredith Tidwell, New Mexico Public Regulation Commission, proxy for Commissioner Gabriel Aguilera, New Mexico Public Regulation Commission
- **Nevada**
  - Commissioner Tammy Cordova, Public Utilities Commission of Nevada
- **Oregon**
  - Commissioner Les Perkins, Oregon Public Utility Commission and proxy Jason Sierman, Oregon Department of Energy
- **South Dakota**
  - Jon Thurber, South Dakota Public Utilities Commission
- **Texas**
  - David Gordon, Public Utility Commission of Texas
- **Utah:**
  - n/a
- **Washington**
  - Chair Brian Rybarik, Washington Utilities and Transportation Commission
- **Wyoming**
  - Commissioner Chris Petrie, Wyoming Public Service Commission

## **Presentation of committee goals for today, survey results, FERC background**

Rich Glick and Kate Griffith provided a presentation on FERC guidance for State Engagement Process relevant to work at hand, key questions for states to answer around utility proposals, a brief overview of utility proposals, a reminder of Energy Strategies' cost allocation study work, and takeaways from the pre-meeting survey used to organize the meeting. Representatives from NorthernGrid were available to answer questions from committee members regarding the NorthernGrid proposal. WestConnect

representatives were unavailable to attend the meeting. Both WestConnect and NorthernGrid provided written responses to pre-meeting survey questions. See slides and meeting materials for additional information.

Questions and discussion:

- **Q: What does “roughly commensurate” mean in the context of cost allocation, and is there any legal guidance on its interpretation?**
  - **Support Team:** The term “roughly commensurate” has been addressed in several U.S. Appellate Court cases, but there is no precise legal definition. Courts have generally agreed that cost allocation does not need to match benefits exactly—it's not required to be dollar-for-dollar. For example, if a party receives 10% of the benefits, they don't necessarily have to be assigned exactly 10% of the costs. One court suggested that being within a range of millions of dollars could be sufficient. Ultimately, the determination is made on a case-by-case basis, which has led to significant litigation in regions that have allocated transmission costs, a trend that is expected to continue.
- **Q: Is NorthernGrid proposing to use a 1.25 benefit-to-cost ratio as a threshold twice? First regarding the 7 FERC benefits and secondly regarding the 3 benefits NorthernGrid proposes for final cost allocation?**
  - **NorthernGrid reps:** That's the proposal. We would initially conduct the analysis using the 7 FERC benefits to determine if a project was selected into the plan. Then it would go to cost allocation, and we would redo the benefit-cost analysis using different benefits, and it would still need to meet the 1.25 threshold. So, there is a possibility of a project that could be selected into the plan but not be eligible for cost allocation. We don't view that as being a problem. The project could be developed using some other methodology, or it could simply be in the plan for information.
- **Q: Why does NorthernGrid use a limited set of benefits for evaluating transmission projects, compared to broader benefit sets like those used by WestConnect?**

- **NorthernGrid reps:** The primary reason for using a more limited set of benefits is the significant uncertainty involved in quantifying the broader benefits, most of which rely on complex production-cost modeling. These models require long-term projections—looking 20 years into the future or more—and depend on numerous uncertain inputs such as future load locations, resource placement, energy prices, and fuel costs. Because of this uncertainty, NorthernGrid chose to focus on a smaller, more certain set of benefits already used in the current Order 1000 process. While seven benefits are considered in project selection, only three are used in cost allocation due to the reliability of their valuation.
- **Responsive comments from RSEs:**
  - Quantification is difficult, however customer expectations around the reasons why we’re building transmission are also expanding from how we’ve thought about transmission and quantifying benefits in the past.
  - Recent national reports show that approximately 95% of new capacity additions over the past few years have been wind, solar, and batteries across the country. This shift provides greater certainty in long-term energy planning, as these resources are location-dependent—planners generally know where it’s sunny or windy. Additionally, the absence of fuel costs for these technologies reduces uncertainty around future expenses, offering a more predictable outlook.

#### **Breakout Room Discussion of Compliance Proposals — WestConnect and NorthernGrid breakout rooms.**

Takeaways include:

##### *WestConnect RSE recap*

- Several in the group agreed on the need for states to explore an additional or alternative ex-ante cost allocation methodology, due to ongoing disagreements about how costs and benefits are being quantified and assigned.
- Interest in exploring benefit quantification and cost allocation in a more dynamic, case-by-case basis rather than using one size fits all approaches.
- Group favors use of voluntary approaches to cost assignments, similar to the Western Transmission Consortium model.
- Some states support both developing a new methodology and continuing to refine understanding of cost and benefit quantification/distribution; others are abstaining or see less need to explore alternative cost allocation methodologies due to involvement in ongoing lawsuits.

##### *NorthernGrid RSE recap*

- The group largely reached consensus on the idea that all seven FERC benefits used in project selection should also be considered in cost allocation—not just the three that NorthernGrid proposes. The group is comfortable with sending this high level feedback to NorthernGrid now, even as we continue our discussion of other issues.
- There was recognition that, while some benefits are harder to measure (such as resilience to

extreme weather), utilities are increasingly capable of making reasonable assumptions and running production cost models. RSEs also want to dive deeper into figuring out benefit quantification.

- Additional topics for more discussion and exploration
  - The group discussed whether public policy considerations should factor into benefit assessment, though consensus wasn't reached on that point.
  - Additional ideas included the possibility of using zonal allocations or subscription models to address state policy concerns, with further exploration needed.
  - Concern regarding whether economic development from line construction is a justifiable cost for ratepayers in the affected state to shoulder, especially in less populated areas.
  - Finally, the group briefly considered whether benefit assessments should be revisited over the life of a transmission line and how utilities might respond to that approach.