

The Honorable Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: **[NAME OF UTILITY]**
Docket No. ER26-____-000

Relevant State Entities' State Agreement Process Proposed Tariff Amendment

Dear Secretary Reese:

The Relevant State Entities (RSEs) for the NorthernGrid transmission planning region¹ have provided the NorthernGrid Enrolled Parties with Section 3.7 of the tariff language submitted by NorthernGrid to comply with the Federal Energy Regulatory Commission's (FERC's or Commission's) Order No. 1920², which addresses regional transmission planning and the allocation of costs associated with Long-Term Regional Transmission Projects (Projects) selected for development and cost allocation as part of the Order No. 1920 regional transmission planning process. Order No. 1920 allows, but does not require, FERC-jurisdictional transmission providers in a transmission planning region to include in their compliance filing a State Agreement Process (SAP) that outlines how states in a transmission planning region can agree on an alternative to the *ex ante* cost allocation methodology applicable to a Long-Term Regional Transmission Project or group of projects selected for the purposes of cost allocation.³ Order No. 1920 also permits the RSEs, if they

¹ NorthernGrid RSEs participating in the CREPC 1920 Ad Hoc Committee include California Energy Commission, California Public Utilities Commission, Idaho Governor's Office of Energy and Mineral Resources, Idaho Public Utilities Commission, Montana Department of Environmental Quality, Montana Public Service Commission, Oregon Department of Energy, Oregon Public Utility Commission, Public Utilities Commission of Nevada, Utah Department of Commerce, Utah Office of Energy Development, Utah Public Service Commission, Washington Department of Commerce, Washington Energy Facility Site Evaluation Council, Washington Utilities and Transportation Commission, Washington State Office of the Attorney General, Wyoming Department of Environmental Quality/Industrial Siting Council, Wyoming Energy Authority, Wyoming Office of Consumer Advocate, and Wyoming Public Service Commission. RSEs designated one voting representative per state to inform committee decision-making and determine whether to submit proposals to FERC. While California Public Utilities Commission has participated in discussions of the Ad Hoc Committee, it abstained from voting on the proposals discussed in this cover letter. Each of the other designated state voting representatives voted to submit this proposed amendment to FERC.

² *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, Order No. 1920, 187 FERC ¶ 61,068 (2024) (Order No. 1920), *order on reh'g & clarification*, Order No. 1920-A, 189 FERC ¶ 61,126 (2024) (Order No. 1920-A), *order on reh'g & clarification*, Order No. 1920-B, 191 FERC ¶ 61,026 (2025) (Order No. 1920-B).

³ Order No. 1920 at P 1402.

agree, to propose their own SAP, whether the transmission providers submit a separate SAP proposal or not.⁴ If the RSEs propose their own SAP, FERC requires the transmission providers in a planning region to file that SAP with the Commission.

NorthernGrid has agreed to include in its compliance filing a proposed SAP, a version of which the RSEs transmitted the NorthernGrid Enrolled Parties on April 28. After the RSEs agreed to minor modifications, the Enrolled Parties agreed to submit the RSEs' SAP proposal (as modified) in their Order No. 1920 compliance plans.

The tariff language describing the SAP must contain certain information, including: (1) how the SAP will cause a cost allocation mechanism (when agreed to by the states) to be filed with FERC; (2) which entities can participate in the SAP; (3) what will determine whether an agreement has been reached pursuant to the SAP; (4) when an agreement is reached under the SAP, how that agreement will be communicated to the transmission providers; and (5) when the agreement needs to be filed with FERC.⁵ Further, the Commission noted in Order No. 1920 that even if a proposed cost allocation methodology is agreed to pursuant to the SAP, FERC still needs to determine whether that methodology is just and reasonable and not unduly discriminatory.⁶

The RSEs believe that the SAP included in the Enrolled Parties compliance filings complies with all of the Commission's and Federal Power Act requirements. The following is a brief description of the RSEs' SAP proposal:

Applicability and Timing

The state commissions that regulate the retail rates of the NorthernGrid Enrolled Parties would be authorized to initiate the SAP before a transmission Project or portfolio of transmission Projects is identified by the NorthernGrid Enrolled Parties for selection for the purposes of cost allocation pursuant to the requirements of Order No. 1920. The state commissions would have up to six months after the identification date to agree on a cost allocation methodology that would apply to the selected Project or Projects in lieu of the *ex ante* methodology previously approved the Commission.

State Voting/Agreement

Each state commission that regulates the retail rates of the NorthernGrid Enrolled Parties that would be allocated costs pursuant to the FERC-approved *ex ante* cost allocation methodology would be able to vote on a SAP-proposed alternative. If the SAP considers an alternative cost allocation methodology that would allocate costs to a NorthernGrid

⁴ Order No. 1920-A requires the transmission providers in a planning region to submit the RSEs SAP proposal to the Commission if the RSEs submit their proposal to the transmission providers before the end of the State Engagement Period. Order No. 1920-A at P 651.

⁵ Order No. 1920 at P 1403.

⁶ Id. at P 1409.

Enrolled Party that would not otherwise be allocated costs pursuant to the FERC-approved *ex ante* cost allocation methodology, each state commission that regulates the retail rates of such additional Enrolled Party would also be able to vote on the alternative cost allocation methodology.

The states will have reached an agreement on a SAP alternative cost allocation methodology for a single Project if each Participant representing a state commission eligible to vote approves the alternative cost allocation methodology. If the NorthernGrid Enrolled Parties select a portfolio of Projects, the states will have reached an agreement on a SAP alternative cost allocation methodology for the projects if approved by: (1) 75% of the Participants representing state commissions eligible to vote, and (2) Participants representing state commissions eligible to vote that regulate utilities that would be allocated at least 75% of the costs of the Projects if the SAP alternative cost allocation methodology were to apply to the portfolio of Projects.

If the Participants eligible to vote reach agreement on an alternative cost allocation methodology the NorthernGrid Enrolled Parties would have to forward the alternative methodology to FERC for consideration within 30 days. If the state Participants fail to reach agreement on an alternative cost allocation methodology within six months after a Project or portfolio of Projects is identified for purposes of cost allocation, the applicable FERC-approved *ex ante* cost allocation methodology would apply.

Non-Jurisdictional Transmission Providers

The RSEs recognize that a cost allocation methodology proposed pursuant to the SAP may not allocate costs to transmission providers that are not subject to FERC jurisdiction unless a non-jurisdictional transmission provider consents.⁷ The RSEs' SAP proposal provides that if a non-FERC-jurisdictional transmission provider has consented to become an Enrolled Party, the state regulatory commissions will consult with the non-jurisdictional transmission provider before agreeing to an alternative cost allocation methodology.

While developing the RSE SAP proposal during the State Engagement Period, numerous RSEs expressed concern that non-jurisdictional transmission providers, unless they consent, cannot be allocated costs associated with transmission projects selected pursuant to the Order No. 1920 transmission planning process even if that transmission provider will benefit from the development of the project. Given the substantial presence of non-jurisdictional transmission providers in the non-RTO West, a regionally planned Project could inadvertently provide some benefits to non-jurisdictional entities. Without a non-jurisdictional transmission provider consenting to cost allocation, states are concerned about the prospect of state-regulated utility ratepayers shouldering an unfair burden of costs. As a result, the RSEs added a provision to the proposed SAP tariff language that allows the state Participants to, if they believe a non-jurisdictional utility will substantially

⁷ *El Paso Elec. Co. v. FERC*, 76 F. 4th 352 (5th Cir. 2023)

benefit from a transmission Project that has been selected for the purposes of cost allocation, unanimously vote to recommend to the NorthernGrid Enrolled Parties that they consider de-selecting the project during the next transmission planning cycle. This provision leaves the decision of whether to de-select up to the FERC-jurisdictional transmission providers, but provides states an opportunity to flag their concerns in advance of Project development.⁸

Information

State utility commissions will need sufficient information to properly evaluate the costs and benefits associated with specific transmission Projects identified for selection for the purposes of cost allocation if the states are to sufficiently consider the merits of various cost allocation alternatives. The RSEs' tariff language provides that NorthernGrid and Enrolled Parties must provide relevant information requested by the state regulatory commissions during the State Agreement Process.

Conclusion

For the reasons set forth in this letter and the attached tariff language, the RSEs respectfully request that the Commission find that the RSEs' proposed SAP as reflected in the Enrolled Parties compliance filings meets the requirements of Order No. 1920.

Respectfully submitted on this 5th day of June, 2026,

Tammy Cordova



CREPC 1920 Ad Hoc Committee Co-Chair

Commissioner, Public Utilities
Commission of Nevada

John S. Harvey, Ph.D.



CREPC 1920 Ad Hoc Committee Co-Chair

Commissioner, Utah Public Service
Commission

⁸ Order No. 1920 lists several instances in which the transmission providers in a region may reevaluate the original decision to select a project for development. Order No. 1920 at P 1049.