

**FERC ORDER NO. 1920 WESTERN STATE AGREEMENT PROCESS:
NORTHERNGRID/WESTCONNECT**

Project eligibility to launch SAP

- The SAP would apply to all transmission projects selected for development by NorthernGrid/WestConnect for which the *ex ante* cost allocation method approved by FERC would otherwise apply.

Timing of SAP

- States would be able to begin to consider potential cost allocation approaches for an eligible transmission project or portfolio of eligible transmission projects when the project or projects are identified for possible selection for development by NorthernGrid/WestConnect.
- If an eligible transmission project or portfolio of eligible transmission projects are selected for development by NorthernGrid/WestConnect, States would have up to six (6) months from the selection date to reach agreement on a cost allocation approach that is different from the applicable *ex ante* cost allocation mechanism previously approved by FERC.

Which states and which entities participate in the SAP

- Each state utility regulatory commission with authority to regulate a utility or utilities that would be assigned costs pursuant to the applicable FERC-approved *ex ante* cost allocation methodology would have one vote to determine whether the States have reached agreement on an alternative cost allocation approach.
- If an alternative cost allocation approach developed pursuant to the SAP would assign costs to a state or states not impacted by the applicable *ex ante* cost allocation methodology, utility commissions from that state or states would also be able to vote on the SAP's alternative cost allocation approach.

Allocation of costs to non-jurisdictional utilities

- A State Agreement Process may allocate transmission project costs to a utility or utilities not subject to FERC jurisdiction if such utility or utilities have enrolled as a NorthernGrid/WestConnect member and the non-FERC-jurisdictional utility or utilities will benefit from such transmission project. If costs are allocated to non-FERC jurisdictional utilities enrolled in WestConnect/NorthernGrid, the state regulatory commissions with authority to vote on a particular cost allocation proposal pursuant to the State Agreement Process shall consult with the impacted non-jurisdictional utilities before voting on a State Agreement Process cost allocation proposal.
- The State Agreement Process may only allocate costs to FERC-jurisdictional utilities and enrolled non-FERC-jurisdictional utilities. If, during the State Agreement Process, the states determine that a proposed transmission project or projects would substantially benefit one or more non-FERC-jurisdictional utilities that are not enrolled as a NorthernGrid/WestConnect member, the states may vote to recommend to NorthernGrid/WestConnect that the transmission providers in that region rescind their decision to select that project or projects for purposes of cost allocation. States may also recommend that TOs enrolled in the planning region engage with non-jurisdictional entities outside of the regional planning process to consider creative mechanisms for

jointly developing a project that addresses the transmission need identified during the regional planning process.

Definition of “agreement” for single transmission project reviewed under the SAP

- Each state utility regulatory commission with a vote would have to agree on an alternative cost allocation approach pursuant to the State Agreement Process that would be applicable only to an individual eligible transmission project selected by NorthernGrid/WestConnect.

Definition of “agreement” for a portfolio of projects reviewed under the SAP

- At least 75 percent of the state regulatory commissions with a vote would have to agree on an alternative cost allocation approach pursuant to the State Agreement Process that would be applicable to a portfolio of eligible transmission projects (two or more projects) selected by NorthernGrid/WestConnect; AND
- State regulatory commissions regulating utilities representing at least 75 percent of the estimated total costs of the portfolio of projects would have to agree on an alternative cost allocation approach pursuant to the State Agreement Process that would be applicable to the portfolio of eligible transmission projects (two or more projects) selected by NorthernGrid/WestConnect.¹

Failure to reach “agreement”

- If the relevant state regulatory commissions fail to reach agreement on an alternative cost allocation proposal as defined above, the *ex ante* cost allocation mechanism that has been approved by FERC would apply to the project or projects selected by NorthernGrid/WestConnect.

Review of costs and benefits during the SAP

- The state regulatory commissions eligible to vote on the allocation of costs associated with a particular eligible transmission project or portfolio of eligible transmission projects would determine—after a project or portfolio of projects have been selected by NorthernGrid/WestConnect—which benefits to consider for the purposes of a cost allocation decision applicable to an eligible project or portfolio of eligible projects and how to calculate those benefits.

Support from transmission planning entity and member utilities

- Each state regulatory commission eligible to vote on a State Agreement Process proposal has the authority to request relevant information from NorthernGrid/WestConnect and the utility members of the applicable regional transmission planning entity.

¹ As per the section titled “Which states and which entities participate in the SAP”, only those state commissions that regulate utilities that would be assigned costs for the portfolio of transmission projects in question pursuant to the *ex ante* cost allocation methodology on file with FERC (plus state regulatory commissions that would be assigned costs pursuant to the state agreement process proposal) will be eligible to be counted for purposes of determining whether the 75 percent threshold is met.