CHAPTER 8
CONCLUSIONS AND ACTION PLAN

Conclusion

This Plan evaluates NorthWestern’s electric load-serving obligation and guides NorthWestern’s resource procurement process in South Dakota for the next 10 years. The Plan is updated biennially and evolves with any significant changes in legislation, regional operational or planning needs, and environmental requirements. The Plan’s conclusions are intended to provide guidance regarding NorthWestern’s resource investments on behalf of its South Dakota customers.

Portfolio Management

SPP requirements will also guide NorthWestern’s planning process, and NorthWestern remains committed to full participation in SPP and full implementation of all SPP requirements. Given the economic dispatch regime of SPP, NorthWestern will examine how best to serve its customers’ needs in a manner consistent with its current fleet of generation resources.

Capacity continues to be of concern and NorthWestern will continue to evaluate its capacity needs, and the best means to meet those needs. An evaluation of NorthWestern’s older generation assets for possible retirement and replacement will be undertaken in 2017. Additionally, opportunities to enhance grid reliability in a cost effective manner will also be studied. These evaluations, along with the other analysis contained in the Plan, will be used to determine how to best serve the long-term needs of our customers.
Additionally, NorthWestern expects that the action plan items listed below will significantly influence NorthWestern’s actions between resource plans. To facilitate the implementation of this Plan, NorthWestern set forth the following action plan.

**Action Plan**


2. *Retirements.* NorthWestern will work with an engineering consulting firm to develop a Retire and Replacement Plan for the natural gas-fired and oil-fired generating units. The study will examine efficiency, reliability, parts availability, and book value, and it will provide a cost benefit analysis for replacement of those assets with proxy technology selections. The economic contributions of each asset to the overall resource portfolio will also be evaluated. NorthWestern expects that the study will be completed in July 2017 and the results will be used to inform its resource development plans for South Dakota.

3. *Capacity.* Expiration of the current capacity agreement with MRES after the 2018 summer season will create a capacity shortfall beginning in 2019. NorthWestern’s current capacity forecast shows that it will be 3 MW short in 2019, increasing to around 19 MW short in 2026. NorthWestern will evaluate market purchases of capacity and economic additions of physical generation resources to satisfy capacity requirements.
4. **Grid Reliability.** NorthWestern will continue to study the value that can be attained by locating future resource additions at sites that are strategically located throughout NorthWestern’s South Dakota Service territory, to help increase grid reliability.

5. **Generation Technologies.** NorthWestern will continue to monitor and evaluate generation technologies that have the potential to help NorthWestern meet its load-serving obligation at lowest total cost to its customers.

6. **Environmental.** NorthWestern’s current planning efforts continue to center on technologies that comply with proposed environmental regulations. NorthWestern will continue to monitor CPP proposed rules and will incorporate any additional environmental regulations/requirements into its planning processes as necessary.

7. **SPP Operations.** NorthWestern will continue the integration of its planning to meet SPP planning criteria. SPP requirements for resource capacity contribution and peak load forecasting will be adhered to as those standards continue to develop. Resource planning will necessarily reflect those changes.

8. **SPP Transmission Planning.** NorthWestern will continue to monitor and participate in SPP working groups dedicated to the transmission planning process. NorthWestern will also continue to evaluate the results of SPP studies, along with the system needs that are realized from the studies.