

**Meeting Summary**  
**NorthWestern Energy Electric Technical Advisory Committee**  
**Helena, Montana**  
**March 8, 2017**

**Attendance**

Those participating in or attending the Electric Technical Advisory Committee (ETAC) meeting in person or via the web and by teleconference included:

<b>Name</b>	<b>Organization</b>
Beki Brandborg	ETAC Facilitator
Chuck Magraw	Natural Resources Defense Council
Brian Fadie	Montana Environmental Information Center (MEIC)
Frank Bennett	NorthWestern Energy (NWE)
John Bushnell	NWE
Bleau LaFave	NWE
Luke Hansen	NWE
Joe Stimatz	NWE
Diego Rivas	NW Energy Coalition
Patrick Barkey	University of Montana - Bureau of Business and Economic Research
Thomas M. Power	District XI Human Resource Council (via web and telephone)
Brian Dekiep	Northwest Power and Conservation Council (NWPPCC)
Mike Dalton	Montana Public Service Commission (MPSC)
Jamie Stamatson	Montana Consumer Counsel (MCC)
Will Rosquist	MPSC
Paul Schulz	MCC
Larry Nordell	MCC
Mike Babineaux	NWE
Al Brogan	NWE
Jonathan Pytka	NWE
Danie Williams	NWE
Wyley Hodgson	Nexant (via web and telephone)
Dave Bausch	NWE
Joe Schwarzenberger	NWE
Jeff Blend	Montana Department of Environmental Quality (DEQ)
Bill Thompson	NWE
Jim Williams	NWE

## **Agenda**

1. MPSC Comments on 2015 Resource Plan
2. Update on NorthWestern Energy Competitive Solicitation
3. Update on QF Negotiations
4. Update on RPS Forecast
5. Update on Carbon Pricing
6. End Use Study and Electric Potential Study
7. PowerSimm Modeling Update
8. Future Meeting Dates

### **1. MPSC Comments on 2015 Resource Plan**

ETAC participants discussed NWE's 2015 Resource Procurement Plan and MPSC comments issued on February 2, 2017. NWE used a PowerPoint to help guide the discussion. Five primary areas were discussed:

1. Stakeholder process
2. Resource adequacy constraint
3. Scope of resource alternatives
4. Multiple uncertainties
5. Competitive resource procurement process

#### *Slide 3 - Stakeholder Process*

There was a discussion on NWE's commitment to a better planning process with more stakeholder involvement. The 2015 planning process lacked a facilitator. This time, NWE has retained the services of a facilitator and is planning more frequent meetings. NWE initiated a discussion about the potential benefits of increasing membership in ETAC and which stakeholder groups would add diversity and value to the group. Suggestions included independent power producers, large industrials, Infrastructure Stakeholder Group participants, members of League of Cities and city staff, and other utilities in the region. NWPPC commented that they could provide reports on what other utilities are doing.

#### *Slide 4 – Commission Comment: Access to modeling software*

NWE wants to start having conversations about what ETAC would like to see. It will not be free, and costs can accrue quickly, particularly when storage costs are included.

The following topics were discussed: the scheduled PowerSimm workshop for ETAC to be given by Ascend, aspects of the model that ETAC wanted to know more about, NWE's efforts to create a tool in Excel that gives a visual representation of the outputs of the model, and the potential for costs related to custom model runs for demonstration purposes.

*Slide 5 – Resource Adequacy Constraint*

NWE partially agrees and partially disagrees with the Commission's comments. We did a good job defining capacity needs in some chapters. The resource fleet is optimized. Each PowerSimm run is an optimization of those resources under those conditions. We created the 2015 Plan using the CPS2 reliability criteria, which has now changed to RBC. We are scoping for an RFP for proposals that will identify our flexible capacity and regulation needs, and we will include this in the 2018 Plan. NWE further discussed the need for reserve margin, recent contracts with wind resources, the new requirements of RBC, and the need for contingency reserves and flexible ramping resources.

*Slide 6 – Physical Resources: Name Plate vs. Capacity Contribution*

NWE summarized the current portfolio in terms of nameplate capacity and capacity contribution, broken down by fuel. The 85/10 exceedance method was used for wind, solar, hydro, and thermal QFs. There was a discussion about the impacts of historical hydro data compared to average hydro year on the calculation and the capacity contributions calculation methods used by ISOs and RTOs including Southwest Power Pool. NorthWestern will provide more discussion on the issue of capacity contribution in its next resource plan.

*Slide 7 – Resource Adequacy Constraint*

Comment – The region is looking at capacity planning. NWE is moving in that direction as well.

NWPCC and regional shifts to capacity planning were discussed, including impacts of coal plant retirements on increasing the LOLP.

*Slide 9 – NERC/WECC Reserve Margin Requirement*

The planning reserve margin requirement for the WECC-NWPP is 16.6%. However, WECC does not enforce the NERC requirement. But we do not know how long this will continue.

*Slide 11 – NWPCC Resource Adequacy Assessment*

When closures include CU1 and CU2, the NWPCC analysis showed that the region's LOLP increased to 13%.

*Slide 12 – PNUCC Draft Northwest Regional Forecast*

This does include 1,000 MW of imports. Shows that the region is adequate in summer peaking until 2022. In winter, there is a deficit now that will continue to grow over time.

*Slide 14 – Pacific NW vs. NorthWestern Coincidental Peak*

The slide includes a Venn diagram showing the highest 10% of on-peak load hours for NWE versus the region. During all on-peak load hours, the data overlaps 41%, meaning that 41% of the time the region is experiencing a peak load hour at the same time NWE is experiencing a peak load hour. During the winter, the on-peak load hours overlap 68% of the time. During the summer, the on-peak load hours overlap 12% of the time.

*Slide 15 – Resource Adequacy Constraint*

NWE did present its optimal capacity expansion analysis to ETAC but did not do a good job of presenting it in the 2015 Plan. NWE should have provided a better write-up of capacity and optimal capacity expansion. NWE constrained the model to allow for a 10 year build-out, which had the effect of pushing larger resource additions out in time and was a conservative expansion.

Question – Why is NorthWestern trying to achieve resource adequacy in 10 years rather than over a longer time period?

Answer – NorthWestern is nowhere near being resource adequate, and we need to begin addressing these issues.

Comment – Extending years to lower cost is not addressing the risk of dropping load. NorthWestern needs to address these issues.

*Slide 16 - Regional Deficiency and Plant Timing*

The Economically Optimal Portfolio build-out in the plan does not include reserve margin or contingency reserves. NWE needs to do a better job of communicating its capacity analysis.

The current flexible capacity RFP allows developers to bid co-developed projects. NWE has a requirement that capacity be automatically frequency controlled, flexible, and with ramping. Therefore, the resource and the storage must be at the same point of connection.

NWE's last plan saw storage as expensive but will take another look at storage resources this time around. We have enough intermittent resources that just adding storage might be a useful exercise in providing flexibility

Question – What is the timing or logistics to get resource costs?

Answer – In resource planning, we want the freshest resource costs that we can get. We have to pull the trigger as close to the time of plan modeling as we can get. Thermal is not as sensitive to this and has more lead time.

*Slide 18 - Summer Peak – Wind and Solar Contribution*

*Slide 19 – Winter Peak – Wind and Solar Contribution*

During the summer peak day, solar contributes at the middle peak hours but trails off when we still have significant load. Wind is variable over our peak needs reflecting an intermittent nature. During the winter peak day, solar misses the morning and evening peak but does come in during those days. For wind, we had a day where it was consistently high, another day with dropping generation throughout, and another with very little contribution. We need a system to provide for the peak hour load. It does not help to have resources that cannot contribute to this peak need. We will have 2016 data for similar charts soon. The BA (balancing authority) set an all-time high in December 2016, but it was not an all-time high for Energy Supply.

*Slide 20 – Alternative Resources*

One criticism is that NWE put way too much fixed costs in for wind or solar. We feel that these costs were close; they were what we were seeing. If \$500/kW was really the cost of developing solar then they would not be asking for \$66/MWh in QF contracts.

In any case, planned resources have to be validated through an RFP process. If there is a more suitable resource, it will be identified in the RFP process.

Question – How does DSM or demand response (DR) and energy efficiency come into play?

Answer – The 2015 Plan did not include DR except for the study that said there was 35 MW of DR available. NWE is including DR in the flexible capacity RFP.

Question – Is NWE planning on looking at DR going forward?

Answer – NWE did a customer survey on large accounts, and we do not believe that we have a large amount of DR. DR works in the I-5 Corridor, where there is more electric heat and control of large MWs. The DSM group will be here later to address this.

Comment – NWE needs to continue to look into other resources like geothermal.

Answer – For the customer the economics do not appear to make sense. Costs in this region are too high. The RFP will prove generators and identify what is available. The RFP is wide-reaching and will prove whether a technology is cost-effective or not.

NWE agrees that we need to address each of these. NWE needs to explain why geothermal and DR are not effective. They may not make sense to model but need to be discussed. We may take a look at a Nexant study to determine if it makes sense. ETAC's feedback is that NWE needs to do additional analysis on DR in a timely fashion.

*Slide 21 – Commission Comment: Sources of Uncertainty*

NWE feels confident in its natural gas forecast but agrees that natural gas and CO2 regulation forecast inputs do contain risk. Regional EIM participation and ISO development is stalling, but the Mountain West Transmission Group may have some traction.

Question – Do you think that EIM would change things?

Answer – Membership in EIM does not change the capacity planning requirement but would accelerate the need for capacity.

Question – Does NWE feel that joining an EIM would change regulation?

Answer – EIM changes operations but does not change capacity requirements. NWE would gain efficiency within the hour but not on the planning horizon.

Question – In terms of resource costs for stakeholders, can NWE comment on evaluating ITCs (Investment Tax Credits) and PTCs (Production Tax Credits), as these are starting to go away? We want to make sure that these are modeled accurately.

Answer – We can make use of PTCs, but they are diminishing. Solar ITCs do NWE no good; you have to be in the right tax position to take advantage of these. As for solar, we have asked DNV to renew the last study for a larger solar facility. However, this work has been put on hold until we get further into the 2018 planning process. NWE will set up models in the meantime, and we will consider that someone may be able to take advantage of these tax credits.

## **2. Update on NorthWestern Energy Competitive Solicitation**

*Slide 22 – Competitive Procurement Process*

NWE disagrees with the Commission comment; we are talking past each other. NWE did discuss an RFP process. NWE encourages ETAC members to review the RFP website. We made a number of changes in response to comments on the draft RFP.

Question – How did the draft RFP go out? How was it announced?

Answer – It was released and announced on the website. If registered, you received an email announcing that it was up. We are currently in the bid process. It is open. There are two silos, one for All-Source and one for EPC (Engineer, Procure and Construct) at the Dave Gates Generating Station (DGGS) site. The All-Source includes PPAs for existing, new, or no specific resource projects, build-transfers, or sale of existing projects. There is no specified fuel type, so it is open to hydro with storage and renewables with storage.

On the EPC side, this will be contractors working on our site, and there was a pre-qualification phase which narrowed this list to seven potential contractors. Whatever comes out of each silo will be evaluated next to whatever comes out of the other side.

Question – How many MW is NWE asking for?

Answer – 50 to 150 with a minimum project size of 5 MW.

Comment – ETAC thought they would receive a copy and notice, but it was not communicated directly. Please send ETAC separate notices that these have gone out. Someone did not get a notification that it was available. This would be helpful.

Answer – NWE thought that ETAC members would register at the site. NWE did send an initial email to ETAC referring to the press release and website and encouraging members to register.

### *Slide 23 - Flexible Capacity Need and Resources*

This slide is intended to show NWE's need for flexible capacity. NWE's need is for fast-acting, fast-ramping resources not severely limited in terms of starts and stops. This is what NWE considers flexible. On the left, we have what the need is and on the right, what is available.

Question – In terms of planning, if NWE joins an EIM, how would that affect flexibility need?

Answer – Contingency reserves would be the same. Due to the wider footprint, the amount within the hour would be a little less than our stand-alone need. But on a planning horizon, we would still have to meet full needs

Question – How do other utilities view this?

Answer – NWE is not in the same situation. Other utilities are not digging out of a deep hole like NWE, so they have a different approach. Most can take dispatch offers to market.

Question – Has the operation changed at DGGS?

Answer – Yes, in the past, 2 units were used. Due to the change from CPS2 to RBC, we needed more capacity to get back within limit within 30 minutes. One unit is on AGC.

Question – Do other units dispatch now like a CT?

Answer – NWE's typical stack is hydro, Basin Creek (due to its lower heat rate), and DGGS.

Comment – In terms of DGGS operating differently, this is a new processing of thoughts. ETAC suggested that NWE show a presentation on RBC and how this affects operations.

Answer – NWE is often using hydro as the first line for INC/DEC. The Hydros have generally been operated as run-of-the-river. The generation group worked with HDR to study optimization of the Hydros within licenses and other constraints. Thompson Falls provides spinning reserves but is not well suited for other reserves. Mystic is being used for contingency and peaking. Cochrane and Rainbow have the most flexibility.

Comment – There is a lot of uncertainty with other resources as well, but it is good that NWE is meeting with pumped hydro storage developers and considering it versus intermittent.

Answer – Pumped hydro could be a useful resource. It all depends on needs, costs, and size.

Facilitator – We have discussed the technical aspects of the commission comments, but stepping back to the big picture what is the main takeaway for NWE, and what should NWE do?

A lengthy discussion followed, with ETAC members expressing the views of their respective organizations regarding the 2015 Plan.

Response – We did not have many meetings during the last cycle. Nonetheless, you could not have escaped knowing that NWE switched to capacity planning before the 2015 Plan was filed. The region/NWPCC is also proposing a similar change. We do not need more renewables other than to qualify for RPS, and we definitely need capacity. Energy efficiency comes off the top. Most consultants working with NWE are shocked by our lack of planning reserve margin. Moving forward, we must first identify our needs. Then we must identify how to best fulfill those needs.

Response – We have the opportunity to change. We see the capacity need coming for reliability. We must find out what the market can do, dip our toe in the market. It is not feasible to wait for the next planning cycle. We need to act now. NWE cannot wait. The region is changing, and we have to be responsible to our customers.

Comment – The resource planning elephant in the room is the QFs. These acquisitions occur outside of the planning process and outside of ETAC's control because they are based on federal and state statutes. What we can control is determining what attributes these resources bring in terms of assessing their value.

Response – To say that we are going to go straight through this planning process and not deviate from it is not going to happen. There will inevitably be future opportunity resource acquisitions just as there have been in the past.

The RFP process is where the rubber meets the road in terms of resource planning because this is an actual market test and market acquisition. It will provide better information than in the plan.

### **3. Update on QF Negotiations**

NWE provided an update on QF negotiations. Adding more QFs will be problematic. It will be harder and harder to bring on more QFs without costing NWE customers.

Question – Is there a summary handout of what projects are in the QF queue?

Answer – NWE will evaluate this for confidentiality but cannot provide identities.

### **4. Update on RPS Forecast**

*Slides 24 and 25 – RPS Compliance Forecast*

There have been significant changes in NWE's RPS position. Company-owned Hydros do not qualify. Recent wind contracts, including Greycliff and WKN, will provide significant RECs. There is a two-year REC carryover limit; in other words, qualifying RECs expire after two years. When Crazy Mountain is included, NWE is REC-compliant until the early 2040s.

### **5. Update on Carbon Pricing**

In a recent docket, the MPSC pushed out the implementation date for a carbon price to 2025. NWE must evaluate whether or not it needs to purchase any environmental attributes at all.

The EIA Annual Energy Outlook for 2017, which was released in January 2017, provides for a “clean power plan compliance” option versus a “no clean power plan compliance” option in the natural gas price forecast. This reflects a difference of about \$0.50 over a 20-year period. We can look at this as a sensitivity, but this would not ascribe value. From a sensitivity perspective, what should NWE use? How should NWE use CO<sub>2</sub> in order to value an asset?

Question To ETAC – NWE asks ETAC to let them know what members think about carbon.

### **6. End Use Study and Electric Potential Study**

The DSM group met with ETAC on November 10 and presented the Nexant End Use Study and Electric DSM Potential Study results. ETAC said they would like to see the supporting End Use Study and Electric DSM Potential Study reports, be given time to review and digest them, and be able to ask questions and provide input in a subsequent meeting. NWE circulated the reports (Final End Use Study and Draft Final Electric Potential Study) to ETAC members on January 24 for review and comment. Today, NWE is looking for questions/ input regarding these studies.

Also, there was a question from an ETAC member during the November 10 presentation about whether the avoided costs used in the DSM assessment included capacity, and NWE responded that it did not. That response was incorrect. Upon further internal review, NWE confirmed that

the avoided costs used in the Electric DSM Potential Study did include a value for capacity that was incorporated into the overall energy avoided cost. Details that showed the capacity and energy values separately and how they were combined into an overall energy avoided costs was circulated to ETAC in late January.

Finally, NWE is considering whether to update the Electric DSM Potential Study based on avoided costs (energy and capacity components valued separately) that will result from the upcoming 2018 Supply Plan. NWE would like ETAC's thoughts on this potential update.

Question – With all of the measures, can you determine cost/benefit on a sliding scale to see what measures pass as avoided costs change?

Answer – Yes. You could evaluate each measure on a cost/benefit basis for low, medium, and high avoided costs. We asked Nexant to use what avoided costs are now, then use a medium and higher case to determine the amount of remaining electric DSM potential.

Question – So, with each of these measures listed in Appendix A, can you determine which ones are cost effective at given avoided cost?

Answer – Yes, we have a model. It is not perfect. But it will show which ones are cost-effective.

Question – There is a current avoided cost docket. Should NWE look to the Commission's order in that docket for avoided costs?

Answer – NWE's practice has been to tie to its most current resource plan. The Electric DSM Potential Study uses avoided costs from the 2015 Plan. These avoided costs were included and filed in the Qualifying Facilities Docket (D2016.5.39). Annually, we update the levelized avoided cost that we use for DSM by rolling the annual avoided costs from the most current plan forward one year. Updating the levelized avoided cost used for DSM by this method results in minor changes and updates to the DSM program offerings. Significant changes in avoided costs can considerably change the measures available in our programs, and it is expensive and difficult to maintain program continuity for customers and trade allies if large swings in avoided costs are applied more frequently.

Coming off of the 2009 and 2010 assessments, the current list of measures from the recent Electric DSM Potential Study is the best available information. The DSM program costs and budgets are updated annually in the tracker. The thought is to annually update the levelized avoided cost by rolling them forward each year as explained earlier, which allows the offerings to stay relatively the same until the next planning/avoided cost cycle.

Question – So for cost effective measures and total cost test, what is the next step? Do you look at all of them?

Answer – Yes. NWE looks at all measures. NWE includes the total resource cost test based on past practice and Commission acceptance of this practice.

Question – With a total resource cost of 1.0, is this comparable to the 0.9 used previously with the environmental benefit adder?

Answer – Yes. NWE originally proposed to include a 10% environmental benefit factor to determine DSM cost effectiveness in the DSM acquisition plan included in NWE's Supply Plan filed in 2004 based on discussions with the Electric Technical Advisory Committee, Commission Resource Planning rules, and recognizing that the NWPC used a 10% factor in its planning. There was not explicit consideration of environmental costs in the avoided cost that we were working with at the time. The 2004 Plan notes that NWE decided to give DSM the benefit of the doubt and apply the environmental benefit factor. We did not apply the environmental benefit factor in this assessment because carbon costs are explicitly included in the avoided cost. To also include the 10% environmental benefit factor would double-count environmental benefits.

Question – According to 38.5.8218, DSM should not be focused on cream-skimming. It appears to state that you should include both the cost-effective and non-cost-effective measures as long as the whole program is effective. What is NWE's interpretation?

Answer – NWE's practice has always been to include measures that are cost-effective up to a margin defined by the total resource cost test. NWE has done the same since 2004.

Comment – Is there room for interpretation?

Comment – It may be worth NWE looking at some non-cost-effective measures that when included with cost-effective measures pass the cost test on total.

Answer – At the measure level, costs do not include an allocation for program administration. Were administrative costs included at that point, fewer measures would pass. All costs are included when evaluating a program's cost-effectiveness.

Comment – That language is to avoid stranded conservation measures. For example, if you are in a structure, you should do everything that is cost-effective incrementally now that you've already incurred the initial costs. You should take all of the measures you can get while you are set up, not just the most cost-effective measures.

Question – There may be a way to expand the list of cost-effective measures if you were also to include measures that were close to passing the total resource cost test threshold (i.e., achieve a benefit cost of 0.8 or 0.9), as long as they pass the utility cost test. It seems to be what NWE would want to do.

Answer – NWE has not considered that approach. We will think about it. The Commission may have some thoughts on this approach given our past practice of using the total resource cost test for screening purposes.

Question – The background of the easily attainable DSM goes back to sampling of residential and commercial customers. Although Nexant says that the sample size would provide 90% confidence in the analysis, when you start dividing the sample, you end up with a small sample population for each end-use category. This is concerning in terms of confidence in cost-saving potential associated with these users. You need to back this up with audits and survey data. I am looking for some confirmation that Nexant has a good feel for what the available cost effective energy conservation is in NWE's territory.

Answer – The sample was designed to produce results with a statistical sampling error of +/- 10% at a 90% confidence level at the sector level. It is correct that the sampling error will increase at the segment level due to a smaller available sample size. We compared and combined our data with audit data provided from NWE's audit programs to increase the number data points and to be more confident in our on-site findings. Comparing to other studies conducted in the Pacific Northwest, such as the RBSA, those studies have more sampled sites but the samples are concentrated on the I-5 Corridor and are not the right benchmark to compare against.

Question – In the end use study, audits for low-income customers were excluded from this study as a benchmark. Why is this?

Answer – NWE has a free weatherization program for low-income customers paid for with Universal System Benefits funds and offered through a separate contract with the Montana Department of Health and Human Services. The same information is not available through the audits for low-income customers as through the E+ Energy Audits for the Home or Business.

Question – Is the natural progression having a diminishing effect on DSM savings?

Answer – As NWE gets information, we update our cost and savings information for measures.

Question – From a plan perspective, does this mean NWE will continue to target 6 aMW/year?

Answer – No. NWE will finish its study and be back to ETAC with the results.

Question – How does NWE decide what level to adopt? Is this a policy call? How does the DSM target evolve?

Answer – NWE takes the total over 20 years, divides that by 20 years, and determines what seems reasonable. NWE looks at factors such as TRC and customer payback. NWE considers whether it needs to incentivize to gain initial traction with customers/trade allies to introduce/promote a new measure.

Comment – Cutting DSM acquisition in half when your supply plan shows that NWE is short on capacity throws up a red flag. There is a lot involved, but NWE should make cost-effectiveness work for capacity planning.

Question – In the past, NorthWestern has operated programs continually even though it has exceeded planning acquisition targets during certain programs years?

Answer – As it stands today, NWE intends to continue programs continually, as it has in the past, rather than suspending them once an annual acquisition target is achieved. Suspending programs on that basis is a program continuity concern.

Comment - I do not see energy efficiency aligning with capacity planning. DSM is acquired energy, not capacity. Demand Response might provide capacity.

Comment – I disagree. Various studies, including work done by the NWPCC, show that efficiency provides capacity. Look at the NWPCC's Seventh Power Plan.

In the materials NWE sent to ETAC in January, NWE explained that the avoided costs used in this assessment do, in fact, include a capacity value, with that value based on the 2015 Plan and converted into an energy value based on the capacity factor of a small hydro. While NWE believes that this approach provides a reasonable estimate of the available cost effective DSM, NWE's further internal discussions have led to the conclusion that a more precise estimate could likely be developed if separate capacity and energy avoided cost components were used and applied directly to DSM savings shapes. Nexant indicated that NWE could provide Nexant the information they need to perform an assessment on that basis.

Previously, we believed that NWE's next Supply Plan would be filed in December 2017. And we explained that we were considering an update to the assessment based on the avoided energy and capacity costs that came out of that plan such that the update would have commenced in first quarter 2018. But then the PSC's comments on the 2015 Plan directed the next Supply Plan to be filed in December 2018. As a result, NWE is now considering an update to the assessment based on the avoided energy and capacity costs that result from the 2018 Plan. Typically, NWE does an assessment every 5 years or so and attempts to conduct them in such a way that we can make reasonable estimates of the impacts of changes to avoided costs between assessments. We try to get as much life out of the assessments as practical given cost considerations. Should NWE have Nexant perform an update to this assessment using the separate capacity and energy approach? At this point, we feel as though as we need to finalize this assessment and develop a DSM acquisition plan based on the results. Should NWE perform an update based on what will now be the 2018 Plan? The results of such an update would be used to determine if revision to the acquisition plan developed from this assessment is indicated.

Question – Would Nexant have to redo or would some work carry over?

Answer – Much of the work would carry over. The cost of an update would be about \$50,000.

Comment – If it can be done inexpensively, NWE should do it.

Question – It makes sense. But what about cost recovery?

Answer – Cost recovery is a consideration. NWE may explain that it is considering an update to the assessment and why (including our discussion with this committee) and ask for guidance from the Commission.

NWE will develop an acquisition plan based on this assessment and present it to ETAC for discussion in a future meeting.

Question to ETAC – Back to item 5, should we offer to buy RECs? NWE needs direction for current dockets and for the 2018 Plan. NWE runs into an additional problem when it negotiates QF projects. NWE cannot count RECs unless the developer has paid prevailing wages. This is an additional requirement that many developers are not willing to do.

Comment – As things shake out, ETAC will see what happens to the Clean Power Plan, but the costs associated with climate change are not going away just because someone has abandoned the CPP. The costs and risks are paid, and they are still there.

Comment – Somehow you do have to take into account some carbon price/risk, because it is still there. Pricing it is hard, except in the Northeast and California. You have to attach a number to it. The EIA number may be as good as any. Maybe the answer is to start the price in 2024.

Answer – The commission kicked it out to 2025.

Question to ETAC – NWE needs a recommendation from ETAC and will bring this issue back to ETAC in the future, perhaps after the Commission issues its order in the MTSUN docket.

## **7. PowerSimm Modeling Update**

NWE is planning an all-day PowerSimm demonstration on April 26 and 27 probably in the Octagon Building in Helena. NWE will get an outline of the presentation out to ETAC prior to the meeting.

## **8. Future Meeting Dates**

The next regular meeting will be Thursday, May 11, either in Helena or Butte. After that the following meeting will be on June 1.