

NorthWestern South Dakota Planning Methodology, Criteria and Process Document

Introduction

NorthWestern Energy (“NorthWestern”) is an electric and natural gas transmission and distribution utility conducting business in the States of Montana, South Dakota, Nebraska, and North Dakota. NorthWestern electric operations in South Dakota provide regulated electric transmission to approximately 61,100 electric customers located within the Mid-Continent Area Power Pool (MAPP). NorthWestern’s South Dakota electric transmission system consists of approximately 322.5 miles of 115 kV transmission line that is integrated within WAPA-UGPR and is embedded within WAPA-UGPR Balancing Area.

NorthWestern’s Local Transmission Planning Basic Criteria

NorthWestern is a network customer of the Western Area Power Administration Upper Great Plains Region (WAPA-UGPR). NorthWestern and WAPA-UPGR jointly plan the NorthWestern transmission network that is part of the Integrated System for WAPA-UGPR’s member transmission plan. NorthWestern uses the WAPA-UGPR planning criteria in its transmission planning. WAPA-UGPR’s planning criteria, in NorthWestern’s local are transmission planning, can be found on the WAPA-UGPR website at URL:

<http://www.oatioasis.com/WAPA/WAPAdocs/WAPA-Planning-Criteria-Document-2011-0504.pdf>

WAPA-UGPR criteria are established to prevent system planning by any entity from adversely affecting the Bulk Electric System (BES) or neighboring systems. WAPA-UGPR planning criteria are intended to ensure compliance with the mandatory reliability standards. The criteria conform to NERC Reliability Standards (<http://www.nerc.com/page.php?cid=2%7C20>), the Midwest Reliability Organization Reliability Standards (<http://www.midwestreliability.org/standards.html>), as appropriate. It is intended that this will provide an adequate level of service that is cost-effective, maintain service for firm loads (except for radial and tap feeds), no overloads beyond the emergency rating will occur, and no cascading is allowed.

Methodology

As a member of the Mid-Continent Area Power Pool, NorthWestern South Dakota Attachment K addresses the rights and obligations of Transmission Customers, Affected Generators, other relevant stakeholders and the Transmission Provider related to Transmission Planning in NorthWestern-SD jurisdictional area in South Dakota. NorthWestern is a network customer of the Western Area Power Administration Upper Great Plains Region (WAPA-UGPR). NorthWestern and WAPA-UPGR jointly plan the NorthWestern transmission network that is part of the Integrated System for WAPA-UGPR’s member transmission plan. WAPA-UGPR local planning process is described in section 14 of NorthWestern’s Attachment K and is also described in section 13, Attachment P of WAPA-UGPR’s OATT that can be found on the WAPA-UGPR website at URL:

<http://www.oatioasis.com/WAPA/WAPAdocs/WAPA-AttachmentP.pdf>

NorthWestern's methodology is identical to WAPA-UGPR's methodology.

The NorthWestern local transmission planning process will follow MAPP's regional planning procedures provided in Sections 1 through 12 and WAPA-UGPR planning information provided in Section 14 of NorthWestern's Attachment K. Transmission plans resulting from this process to be included in the MAPP Regional Plans will be submitted to the MAPP RPG, to their successor regional or subregional committees, and/or to the successor regional transmission organization, independent transmission coordinator, or independent system operator, as appropriate.

Timeline

NorthWestern is a network customer of the WAPA-UGPR and jointly plan the NorthWestern transmission network that is part of the Integrated System for WAPA-UGPR's member transmission plan. NorthWestern's local transmission planning process and timeline is consistent with the needs of the WAPA-UGPR eight quarter planning process. WAPA-UGPR eight quarter planning cycle begins on an even numbered year (i.e., 2012) and ends the following year (i.e., 2013).

The basic timeline for NorthWestern's eight-quarter planning cycle is shown below. The eight-quarter planning cycle will start in January of the even numbered years and end the follow year in December.

Quarter 1

Annual Stakeholder Meetings – This stakeholder meeting is to be held prior to the WAPA stakeholder meeting. Schedule of stakeholder meetings will be posted on NWE's website at http://www.northwesternenergy.com/display.aspx?Page=Electric_Transmission&Item=16. See section 13.4 of Attachment K to NWE's OATT for further information. NorthWestern will hold an additional stakeholder meeting within 60 days after receipt of a written request from stakeholders from three or more different organizations. However, NorthWestern is not required to hold more than two additional stakeholder meetings per year as a result of stakeholder requests.

Stakeholder Modeling Data Collection – This data will be collected during Q1 of the eight quarter planning cycle from stakeholders in advance of submittal schedules set by WAPA-UGPR and MAPP. Stakeholders will be notified via e-mail of the WAPA-UGPR and MAPP schedules. The schedules will also be posted on NWE's website at http://www.northwesternenergy.com/display.aspx?Page=Electric_Transmission&Item=16. See section 13.5.5.1 of Attachment K to NWE's OATT for further information.

Quarter 1 through October 31

Stakeholder Economic Study Requests – NorthWestern will accept economic study requests from its stakeholders through November 1 of each year. The requests received will be forwarded to WAPA-UGPR or the MAPP TPC for inclusion in their economic study processes for the following year. See section 13.7.1 of Attachment K to NWE's OATT for further information.

If there are studies that result from the quarter one meeting, a follow up meeting will be held to allow review of the studies and preparation for these studies to be included in the WAPA-UGPR

local transmission plan and in the MAPP regional plan. Additional meetings will be held as needed.

Quarter 5

Annual Stakeholder Meetings – This stakeholder meeting is to be held prior to WAPA stakeholder meeting. Schedule of stakeholder meetings will be posted on NWE’s website at http://www.northwesternenergy.com/display.aspx?Page=Electric_Transmission&Item=16. See section 13.4 of Attachment K to NWE’s OATT for further information.

Economic Studies

Stakeholders may request directly through the MAPP TPC that the Economic Planning Group (EPG) perform economic planning studies to evaluate potential upgrades or other investments that could reduce congestion or integrate new transmission, generation or demand resources and loads on an aggregated or regional basis. The time horizon for these studies is typically 10 years.

Stakeholders may request an Economic Planning study directly through the WAPA-UGPR’s Local Economic Planning Study process, which is described in section 13.7 of WAPA-UGPR, Attachment P of their OATT. See <http://www.oatioasis.com/WAPA/WAPAdocs/WAPA-AttachmentP.pdf>.

Stakeholders may also request an Economic Study through NorthWestern’s local transmission planning process. NorthWestern will accept economic study requests from its stakeholders through November 1 of each year. The requests received will be forwarded to WAPA-UGPR or the MAPP TPC for inclusion in their economic study processes for the following year. NorthWestern’s form for submitting an Economic Study Request is posted on NorthWestern’s website at http://www.northwesternenergy.com/display.aspx?Page=Electric_Transmission&Item=16. URL

Public Policy

The NorthWestern open planning process provides all stakeholders the opportunity to provide input into the transmission needs driven by Public Policy Requirements during its quarter one open stakeholder meeting. NorthWestern, after consultation with stakeholders during the annual stakeholder meeting, will select the Public Policy Requirements and Public Policy Requirements Projects to be evaluated in the local area transmission plan.

Consistency with NorthWestern South Dakota Attachment K

The provisions of this document are intended to be consistent with the tariff language contained in NorthWestern’s South Dakota Attachment K of its Open Access Transmission Tariff (“OATT”). If any provision of this document conflicts with any provision in NorthWestern’s Attachment K, the Attachment K will govern. Although every effort will be made by NorthWestern to update the information contained in this document and to notify interested stakeholders of changes, it is the responsibility of each interested stakeholder to ensure that they are aware of and operating under the most recent version of this document.