



February 9, 2018

Ms. Sonja Nowakowski  
Director, Office of Research and Policy Analysis  
State of Montana, Legislative Services Division  
PO Box 201706  
Helena, MT 59620-1706

RE: NorthWestern Energy's 2018 Resource Procurement Plan ("2018 Plan")

Dear Ms. Nowakowski:

During the Energy and Telecommunications Interim Committee (ETIC) Meeting held on January 16, 2018, ETIC members expressed an interest in receiving additional information on NorthWestern Energy's (NorthWestern) 2018 Electricity Supply Resource Procurement Plan (Plan) and its Electric Technical Advisory Committee (ETAC) process. NorthWestern responds to ETIC members with the following information.

To date, NorthWestern has arranged and facilitated 11 regular ETAC meetings, three technical workshops<sup>1</sup> and one public meeting on the 2018 Plan. NorthWestern will continue holding regularly scheduled ETAC meetings throughout the remainder of the 2018 Planning process, which ends December 15, 2018.

To enhance the ETAC process and improve stakeholder involvement, NorthWestern hired a professional facilitator in November 2016 to lead ETAC meetings. With the goal of obtaining additional expert advice from a more diverse perspective, NorthWestern also added two new members: one member representing consumers at large and one member whose background is academia and energy technology.

NorthWestern has informed ETAC about regulatory and other developments that affect resource acquisitions and the planning process. For example, NorthWestern has provided updates on the following issues:

- The Flexible Capacity Request for Proposals process that was initiated in response to the urgent capacity needs identified in the 2015 Plan;
- The status of Qualifying Facilities contract requests;

---

<sup>1</sup> Three ETAC workshops were held on Ascend Analytics' ("Ascend") PowerSimm™ modeling software. PowerSimm™ is the modeling software that NorthWestern uses to evaluate resource portfolios.



Ms. Sonja Nowakowski  
Page 2  
February 9, 2018

- The in-process Variable Energy Resource Integration Study and the Load Variability Study;
- The Net Metering Study; and
- The ongoing efforts to secure up to 45 additional megawatts of power from Community Renewable Energy Projects.

NorthWestern's internal subject matter experts have discussed relevant and timely topics such as:

- NorthWestern's natural gas and electricity price forecast methodology;
- Demand Side Management resource acquisition;
- Hydro system upgrade study work;
- Smart grid and smart metering deployment;
- Reliability Based Control ("RBC"); and
- The development of Western electricity markets, including,
  - Energy Imbalance Market
  - California Independent System Operator
  - Mountain West Regional Transmission Organization
  - Peak Reliability/PJM Connex market proposals<sup>2</sup>

NorthWestern maintains an ETAC website which contains ETAC meeting agendas, non-confidential meeting materials and presentations, and meeting summaries. Additional materials on the above topics may be found on the ETAC website at:

<http://www.northwesternenergy.com/our-company/regulatory-environment/etac>

NorthWestern's ETAC meetings have traditionally been closed to the public for two main reasons:

---

<sup>2</sup> Peak Reliability is currently the reliability for the Western Electricity Coordinating Council (exception for Alberta) and has partnered with PJM Connex to propose the formation of a regional transmission organization (RTO). The parent company of PJM Connex is the market operator for PJM, an RTO that coordinates the wholesale electricity market in all or parts of 13 northeastern states and the District of Columbia.





- Public meetings would limit participation by some current ETAC members. The current ETAC process allows representatives of member organizations to fully participate with candor without having their comments attributed to their respective organizations. Some members have indicated that their participation would be limited without the confidentiality afforded by the current ETAC process.
- Public meetings would limit NorthWestern's ability to share information and receive meaningful advice. NorthWestern currently shares non-public information and confidential information during ETAC meetings (confidential information is gathered at the end of the meeting). Any information provided by NorthWestern in a public meeting process would necessarily be limited to public information. This limitation would restrict the amount and type of information shared by NorthWestern in its planning process, and thereby limit the opportunity to receive meaningful feedback from ETAC members.

After the ETIC hearing on resource planning, a previously scheduled ETAC meeting took place. The meeting facilitator led a discussion among ETAC members to determine their views on open versus closed ETAC meetings. An overwhelming majority of ETAC members expressed a preference to keep ETAC in its present form, but also recommended that NorthWestern provide more opportunity for public input into its resource planning process. The discussion at ETAC mirrors NorthWestern's reasons for keeping ETAC meetings closed.

To broaden public involvement in the resource planning process, NorthWestern held a public forum on November 29, 2017 in Butte that approximately 80 people attended. Attendees came from across the state of Montana as well as other states and represented a variety of stakeholder organizations. The event provided an opportunity for independent generation developers and electric industry experts to express their views on a wide range of technologies, including batteries, pumped hydro storage, liquid air energy storage, Demand Side Management, demand response, geothermal, wind, solar, coal, natural gas, and NorthWestern's hydroelectric upgrades. Many attendees were members of the public who were curious to learn more about NorthWestern's resource planning process.

Going forward, NorthWestern believes a bifurcated process is the best way to address the public process issues that have been raised. NorthWestern will retain existing ETAC structure and practice, and provide increased opportunity for public involvement by holding two additional public meetings throughout the remainder of this planning cycle.



Ms. Sonja Nowakowski  
Page 4  
February 9, 2018

I sincerely hope this letter provides the information ETIC members were seeking at the January 16, 2018 meeting. Please feel free to follow up if you have any questions.

Sincerely,

John Hines  
Vice President, Energy Supply