

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

NorthWestern Energy Public Service Corporation	Docket No. QM25- 1 -000
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**Application of NorthWestern Energy Public Service Corporation
to Terminate Mandatory PURPA Purchase Obligations in the
Southwest Power Pool, Inc.**

Pursuant to Section 292.310(a) of the regulations of the Federal Energy Regulatory Commission, 18 C.F.R. § 292.310(a), implementing Section 210(m) of the Public Utilities Regulatory Policies Act of 1978 (“PURPA”), 16 U.S.C. § 824a-3(m), NorthWestern Energy Public Service Corporation d/b/a NorthWestern Energy (“NorthWestern”) hereby submits this Application to be relieved of the requirement to enter into new contracts or obligations to purchase energy and capacity made available by qualifying small power production facilities (“QFs”) that have a capacity greater than 5 megawatts (“MW”) and are located within its South Dakota service territory effective the date of this Application, November 15, 2024. As discussed below, NorthWestern belongs to the Southwest Power Pool, Inc. (“SPP”), a Federal Energy Regulatory Commission (“Commission”) approved Regional Transmission Organization that satisfies the criteria of Section 292.309 of the

Commission's regulations.¹ NorthWestern previously obtained approval from the Commission to terminate its obligation to enter into new contracts or obligations to purchase energy and capacity made available from small power production facilities and cogeneration facilities that have a net capacity greater than 20 MW due to its membership in SPP.²

When the Commission revised its PURPA regulations in 2020, it reduced the rebuttable presumption for qualifying small power production facilities from 20 MW to 5 MW.³ The Commission, however, required that utilities reapply to terminate their PURPA obligation for qualifying small power production facilities less than 20 MW but greater than 5 MW.⁴ Therefore, pursuant to 18 C.F.R. § 292.309, NorthWestern seeks approval to limit its obligations to purchase from QFs in its South Dakota service territory to those at or less than 5 MW.⁵

¹ See *Southwest Power Pool*, 109 FERC ¶ 61,009 (2004), *order on reh'g*, 110 FERC ¶ 61,137 (2005).

² See *NorthWestern Corporation*, 157 FERC ¶ 62,192 (2016).

³ See *Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978*, Docket Nos. RM19-15-000 and AD16-16-000, Order No. 872, ¶ 64, 85 Fed. Reg. 54638-01 (Sept. 2, 2020), 172 FERC ¶ 61041, 2020 WL 4037003 (July 16, 2020) ("Order 872").

⁴ *Id.*, Order 872 at ¶ 645.

⁵ With Order No. 872, the Commission reduced the threshold for the rebuttable presumption to 5 MW for qualifying small power production facilities only. Order 872 at ¶ 64. NorthWestern continues to rely on the previously-approved decision from the Commission terminating NorthWestern's PURPA obligations for cogeneration facilities 20 MW or greater.

I. Background

A. Description of NorthWestern

NorthWestern is a wholly-owned subsidiary of NorthWestern Energy Group, Inc. and is a public utility engaged in the generation, transmission, and distribution of electricity located primarily in the state of South Dakota. NorthWestern is a transmission-owning member of SPP and SPP functionally controls NorthWestern's transmission facilities in South Dakota.

NorthWestern owns facilities in eastern South Dakota that serve approximately 64,839 retail electric customers with a 2023 peak demand of approximately 337 MW, average daily load of 196 MW, and an annual electric load of approximately 1.72 million MWhs.⁶ NorthWestern owns approximately 1,308 miles of transmission facilities that have been placed under the SPP tariff.⁷

B. NorthWestern's Transition to SPP

NorthWestern joined SPP as a transmission-owning member effective October 1, 2015.⁸ On June 29, 2015, NorthWestern submitted a filing with the Commission stating its intention to join SPP and requesting approval of a formula rate template and formula rate protocols to calculate its annual transmission

⁶ See NorthWestern's 2024 South Dakota Nebraska at a Glance, https://www.northwesternenergy.com/docs/default-source/default-document-library/in-your-community/economic-development/3668_ataglance_sdne_1021.pdf (last visited on Nov. 15, 2024).

⁷ *Id.*

⁸ *NorthWestern Corp.*, 152 FERC ¶ 61,250 (2015).

requirement, effective October 1, 2015.⁹ On June 30, 2015, SPP filed corresponding revisions to the SPP Tariff to incorporate NorthWestern's proposed formula rate into the SPP Tariff.¹⁰ On September 30, 2015, the Commission issued an order accepting the proposed formula rate template and protocols and set the justness and reasonableness of these matters for hearing.¹¹ The parties reached a settlement, which was certified to the Commission on September 13, 2016.¹²

C. SPP's Integrated Marketplace

The Commission accepted SPP's filing to revise its Open Access Transmission Tariff to implement its Integrated Marketplace, effective March 1, 2014.¹³ SPP's Integrated Marketplace, which began functioning on March 1, 2014, includes the following major market-design components: (1) day-ahead energy and operating reserve markets; (2) day-ahead and intra-day Reliability Unit Commitment (RUC) processes; (3) a real-time balancing market; (4) price-based co-optimized energy and operating reserve procurement; (5) a market-based congestion management process including a market for transmission congestion rights and allocation of auction revenue rights; (6) consolidation of 16 Balancing Authority Areas in the SPP footprint into a single Balancing

⁹ Docket No. ER15-2069-000.

¹⁰ Docket No. ER15-2075-000.

¹¹ *NorthWestern Corp.*, 152 FERC ¶ 61,250 (2015).

¹² *NorthWestern Corp.*, 156 FERC ¶ 63,046 (2016)

¹³ *Southwest Power Pool, Inc.*, 141 FERC ¶ 61,048 (2012), *order on reh'g and clarification*, 142 FERC ¶ 61,205 (2013).

Authority Area operated by SPP; (7) a Multi-Day Reliability Assessment performed prior to the day-ahead market to manage the commitment of long-start resources; and (8) market monitoring and mitigation with an internal Market Monitoring Unit (Market Monitor).¹⁴

II. Communications and Correspondence

Service in this proceeding should be made upon and all communications regarding this Application should be directed to the following persons:

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III. Application

Pursuant to Section 292.310(a) of the Commission’s regulations, an electric utility seeking termination of its PURPA purchase obligation is required to file an application that sets forth the factual basis upon which relief is requested and describes why the conditions set forth in Section 292.309(a)(1), (2), or (3) have been met. In accordance with 18 C.F.R § 292.310, NorthWestern provides the following information required by Section 292.310(d).

¹⁴ *Southwest Power Pool, Inc.*, 147 FERC ¶ 61,212, at ¶ 2 (2014).

A. Reliance on 18 C.F.R § 292.309(a)(2)

In this Application, NorthWestern relies on 18 C.F.R § 292.309(a)(2), which provides that an electric utility shall not be required to purchase electric energy from a QF if the Commission finds that the QF has nondiscriminatory access to:

- (i) Transmission and interconnection services that are provided by a Commission-approved regional transmission entity and administered pursuant to an open access transmission tariff that affords nondiscriminatory treatment to all customers; and
- (ii) Competitive wholesale markets that provide a meaningful opportunity to sell capacity, including long-term and short-term sales, and electric energy, including long-term, short-term and real-time sales, to buyers other than the utility to which the qualifying facility is interconnected. In determining whether a meaningful opportunity to sell exists, the Commission shall consider, among other factors, evidence of transactions within the relevant market[.]

B. Factual Basis upon which Relief is Requested

In this Application, NorthWestern relies on 18 C.F.R. § 292.309(g), which provides that SPP satisfies the criteria of Section 292.309(a)(2)(i). The Commission has determined that QFs in SPP have nondiscriminatory access to transmission and interconnection services pursuant to an open access transmission tariff that affords nondiscriminatory treatment to all customers.¹⁵

¹⁵ See, e.g., *NorthWestern Corporation*, 157 FERC ¶ 62,192 (2016); *Nebraska Public Power District*, 156 FERC ¶ 61,043 (2016); *Arkansas Electric Cooperative Corp.*, 153 FERC ¶ 62,162 (2015); *Xcel Energy Services, Inc., et al.*, 122 FERC ¶ 61,048 (“January 2008 Order”), order on reh’g, 124 FERC ¶ 61,073 (2008).

As discussed below, NorthWestern respectfully submits that its transmission system, which is embedded in the SPP footprint, provides nondiscriminatory access to competitive wholesale markets within SPP that provide a meaningful opportunity to QFs greater than 5 MW to sell short-term and long-term energy and capacity and real-time energy. The Commission has also repeatedly found that SPP operates a competitive market that satisfies Section 292.309(a)(2)(ii).¹⁶

C. Transmission Studies and Related Information

Section 292.310(d)(3) of the Commission's regulations requires an applicant to submit certain transmission studies and related information when seeking to be relieved of its PURPA purchase obligation. NorthWestern submits the following information to satisfy Section 292.310(d)(3).¹⁷

1. Long-Term Transmission Plan

The Commission's regulations require applicants to provide information about their long-term transmission plans, whether conducted by the applicant, regional transmission organization, independent system operator, or other

¹⁶ *Id.*

¹⁷ In Order No. 688-A, the Commission confirmed that utility applicants may provide hyperlinks to relevant studies on the Internet rather than submitting copies of documents attached to the applications for relief from PURPA Purchase Obligations. *New PURPA Section 210(m) Regulations Applicable to Small Power Production and Cogeneration Facilities*, Order No. 688-A, 119 FERC ¶ 61,305, at ¶ 112 (2007), *aff'd sub nom. Am. Forest & Paper Ass'n v. FERC*, 550 F.3d 1179 (D.C. Cir. 2008) ("We clarify, moreover, that an applicant can provide a hyperlink to the relevant studies, if available, rather than submitting complete studies and reports").

relevant entity.¹⁸ The relevant long-term transmission plan in this case is that conducted through the Commission-approved transmission planning process of SPP. SPP’s Integrated Transmission Planning (“ITP”) process was initially approved by the Commission in 2011.¹⁹ SPP’s ITP process includes an annual planning cycle that assesses near- and long-term economic and reliability transmission needs in a 10-year plan, whereby the near-term, 10-year, and NERC transmission planning are assessed in one study, and a 20-year assessment performed once every five years.

Documents related to the ITP are available at <https://www.spp.org/engineering/transmission-planning/>. The most recent ITP is the 2024 ITP Assessment Report.²⁰

2. *Transmission Constraints*

The Commission’s regulations require applicants to provide information about known and anticipated transmission constraints on their respective transmission systems, as well as any proposed mitigation, including transmission construction plans.²¹ As part of its Commission-approved regional transmission planning process under Order No. 890 and Order No. 1000,²² SPP and its

¹⁸ 18 C.F.R. § 292.310(d)(3)(i).

¹⁹ *Southwest Power Pool, Inc.*, 132 FERC ¶ 61,042 (2010), *order on reh’g*, 136 FERC 61,050 (2011).

²⁰ Available at <https://spp.org/documents/72605/2024%20itp%20report%20draft%20v0.6.pdf>.

²¹ 18 C.F.R. § 292.310(d)(3)(ii).

²² SPP has yet to make a compliance filing for Commission Order 1920, *See Building for the Future Through Electric Regional Transmission Planning and Cost Allocation*, Docket No. RM21-17-000, Order No. 1920, 89 Fed. Reg. 49280 (June 11, 2024), 187 FERC ¶ 61,068 (May 13, 2024).

stakeholders utilize a comprehensive planning approach, which includes performing various studies to identify transmission issues, such as transmission constraints, and evaluating projects in the context of addressing these issues.

SPP's 2023 State of the Market Report²³ provides the most recent annual discussion of transmission issues. The Summer 2024 State of the Market Report²⁴ provides the current year's updated information on transmission constraints and congestion in SPP.

3. Congestion

The Commission's regulations require applicants to provide information regarding the levels of congestion on their transmission systems, if available.²⁵ As part of the transmission planning process, SPP performs several congestion-based studies, which include in-depth analyses of the most congested flowgates in the SPP footprint, and identifying transmission investments that would be required to address chronic congestion. In its Summer 2024 State of the Market Report,²⁶ the SPP Market Monitoring Unit identified the most congested transmission corridors and their associated flowgates in the SPP footprint. This

²³ SPP Market Monitoring Unit, 2023 STATE OF THE MARKET (May 20, 2024, revised May 31, 2024), available at <https://www.spp.org/documents/71645/2023%20annual%20state%20of%20the%20market%20report%20v2.pdf>.

²⁴ SPP Market Monitoring Unit, Summer 2024 STATE OF THE MARKET REPORT, June – August 2024 (November 4, 2024), available at <https://www.spp.org/documents/72639/summer%202024%20quarterly%20presentation.pdf>.

²⁵ 18 C.F.R. § 292.310(d)(3)(iii).

²⁶ See n.17, *supra*.

report also includes a list of transmission projects that are proposed or under construction that will help alleviate the congestion. SPP Transmission Planning reports²⁷ provide detailed information on each of the individual projects.

As noted in the Summer 2024 State of the Market Report, the region experiencing the most congestion in SPP was the Tulsa area—not areas within NorthWestern’s SPP footprint. Information on congestion in SPP is available in the reports listed above.

4. *System Impact Studies*

The Commission’s regulations require applicants to provide information concerning relevant system impact studies for the generation interconnections for the applicant’s transmission systems that are already completed.²⁸ Because SPP is the transmission provider for NorthWestern for its load in South Dakota, system impact studies for generation interconnections to the NorthWestern transmission system in South Dakota are performed under the direction of, or in collaboration with, SPP. Information on generation interconnections is available from SPP at <https://www.spp.org/engineering/generation-interconnection/>.

5. *Available Transfer Capability and OASIS*

The Commission’s regulations require applicants to provide information pertinent to showing whether the applicant has available transfer capability

²⁷ Available at <https://www.spp.org/engineering/transmission-planning/>.

²⁸ 18 C.F.R. § 292.310(d)(3)(iv).

(“ATC”)²⁹ and to provide a link to the applicant’s OASIS from which a QF may obtain the applicant’s ATC information.³⁰ SPP is the transmission provider for NorthWestern. Information about ATC can be found on SPP’s OASIS at <https://www.oasis.oati.com/SWPP/index.html>.

D. Process for QFs to Arrange Transmission Service

Section 292.310(d)(4) of the Commission’s regulations requires the applicant to describe the process, procedures, and practices that QFs interconnected to the applicant’s system must follow to arrange for transmission service to transfer power to purchasers other than the applicant. A QF directly interconnected to NorthWestern’s facilities must follow SPP’s procedures for requesting transmission service to transfer power to purchasers other than NorthWestern. Information on obtaining transmission service from SPP is available at <http://www.oasis.oati.com/SWPP/index.html>.

E. Interconnection Agreements

Section 292.310(d)(5) of the Commission’s regulations requires that, if QFs will be required to execute new interconnection agreements, or to renegotiate existing agreements, so that they can effectuate wholesale sales to third-party purchasers, the applicant must explain the procedures for obtaining such new agreements, detail any applicable charges, and explain any differences

²⁹ 18 C.F.R. § 292.310(d)(3)(v).

³⁰ 18 C.F.R. § 292.310(d)(3)(vi).

in these requirements for QFs as compared to other generators or applicant-owned generation.

For NorthWestern's facilities under the SPP tariff, any generator seeking to engage in wholesale sales to third-party purchasers must follow the SPP interconnection procedures. Such procedures apply whether the interconnecting facility is classified as a QF or another type of resource, including a NorthWestern-owned resource. The SPP generation interconnection page is available at <https://www.spp.org/engineering/generation-interconnection/>.

F. Notice to QFs

Sections 292.310(b) and (c) of the Commission's regulations provide that a utility seeking to terminate its PURPA purchase obligation must identify all potentially affected QFs,³¹ including names and addresses of such QFs, as well as certain other information.³²

³¹ 18 C.F.R. § 292.310(c)(1)-(5) define all potentially affected QFs to include:

(1) Those qualifying facilities that have existing power purchase contracts with the applicant; (2) Other qualifying facilities that sell their output to the applicant or that have pending self-certification or Commission certification with the Commission for qualifying facility status whereby the applicant will be the purchaser of the qualifying facility's output; (3) Any developer of generating facilities with whom the applicant has agreed to enter into power purchase contracts, as of the date of the application ..., or are in discussion as of the date of the application filed pursuant to this section, with regard to power purchase contracts; (4) The developers of facilities that have pending state avoided cost proceedings, as of the date of the application ...; and (5) Any other qualifying facilities that the applicant reasonably believes to be affected by its application filed pursuant to paragraph (a) of this section.

³² Pursuant to 18 C.F.R. § 292.310(c), an electric utility seeking to terminate its PURPA Purchase Obligation must submit the following information in its application for each potentially affected QF: (1) the docket number assigned if the QF filed for self-certification or an application for Commission certification of QF status; (2) the net capacity of the QF; (3) the location of the QF depicted by state and county, and the name and location of the

Attachment 1 to this Application includes the information required by the Commission's regulations for potentially affected QFs. To the extent certain information is not included in Attachment 1, NorthWestern seeks a waiver of the requirement to provide that information, inasmuch as NorthWestern has engaged in extensive efforts and gone to considerable lengths to gather the information required by the Commission's regulations.

NorthWestern will provide a copy of the Application to the potentially affected QFs listed in Attachment 1 and the South Dakota Public Utilities Commission. Notice of the Application will also be posted to the SPP OASIS.

G. Signature of Authorized Individual

Section 292.310(d)(7) of the Commission's regulations requires applicants to provide the signature of an authorized individual evidencing the accuracy and authenticity of information provided by the applicant.

NorthWestern has provided the required signature and verification in Attachment 2 to this Application.

IV. Conclusion and Request for Relief

For the reasons set forth above, NorthWestern respectfully requests that the Commission grant this Application to relieve it from its PURPA purchase

substation where the QF is interconnected; (4) the interconnection status of each potentially affected QF, including whether the QF is interconnected as an energy or a network resource; and (5) the expiration date of the energy and/or capacity agreement between the applicant utility and each potentially affected QF.

obligation within its South Dakota electric service territory within the SPP footprint with respect to QFs with a capacity greater than 5 MW, effective November 15, 2024.

Respectfully submitted this 15th day of November, 2024.

NORTHWESTERN ENERGY PUBLIC
SERVICE CORPORATION d/b/a
NORTHWESTERN ENERGY

By: /s/ Sarah N. Norcott
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Certificate of Service

I hereby certify that I have this day served the foregoing document upon each person designated in the foregoing document, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated this 15 day of November, 2024.

s/ Melissa M. Crosby
Melissa M. Crosby
Manager, FERC Compliance &
Policy
Melissa.crosby@northwestern.com

Project Company Information	Docket No.	Net Capacity	Location of QF & Interconnecting Substation	Interconnection Status Energy or Network Resource	Expiration Date of PPA
<p>Brule County Wind</p> <p>RWE Clean Energy Inc. 100 Summit Lake Dr, Suite 210 Valhalla, NY 10595</p> <p>Dawn Rossow Dawn.rossow@rwe.com (507) 215-4336</p>	<p>QF16-87-000</p>	<p>20 MW</p>	<p>Brule County, SD</p> <p>White Lake substation</p>	<p>Network Resource</p>	<p>9/30/2038</p>
<p>Aurora County Wind</p> <p>RWE Clean Energy Inc. 100 Summit Lake Dr, Suite 210, Valhalla, NY 10595</p> <p>Dawn Rossow Dawn.rossow@rwe.com (507) 215-4336</p>	<p>QF16-76-000</p>	<p>20 MW</p>	<p>Aurora County, SD</p> <p>Stickney Junction substation</p>	<p>Network Resource</p>	<p>9/30/2038</p>

<p>Davison County Wind</p> <p>RWE Clean Energy Inc. 100 Summit Lake Dr, Suite 210 Valhalla, NY 10595</p> <p>Dawn Rossow Dawn.rossow@rwe.com (507) 215-4336</p>	<p>QF16-77-000</p>	<p>20 MW</p>	<p>Davison County, SD</p> <p>N/A</p>	<p>Withdrew from interconnection queue</p>	<p>20 years from Commercial Operation Date, which has yet to occur</p>
<p>Oak Tree Energy Wind</p> <p>RWE Clean Energy Inc. 100 Summit Lake Dr, Suite 210 Valhalla, NY 10595</p> <p>Dawn Rossow Dawn.rossow@rwe.com (507) 215-4336</p>	<p>QF10-449-002</p>	<p>19.5 MW</p>	<p>Clark County, SD</p> <p>QF-owned substation near Clark, SD</p>	<p>Interconnected as a Network Resource</p>	<p>12/31/2034</p>
<p>Redfield Solar</p> <p>RE Solar, LLC 38650 171 Street Redfield, SD 57469</p> <p>Eric Baukol, CEO ebaukol@redfieldenergy.com (605) 302-0090</p>	<p>QF24-878-000</p>	<p>8 MW</p>	<p>Spink County, SD</p> <p>Redfield Substation</p>	<p>In Process</p>	<p>In Process</p>

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

NorthWestern Corporation	Docket No. QM24-____-000
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Application of NorthWestern Energy Public Service Corporation to Terminate Mandatory PURP A Purchase Obligations in the Southwest Power Pool, Inc.

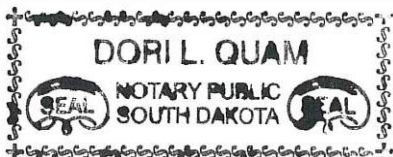
Verification


I, Bleau J. LaFave, being duly sworn, depose and say that I am Vice President of Asset Management and Business Development at NorthWestern Corporation d/b/a NorthWestern Energy and have authority [redacted] I have read the foregoing Application and the statements [redacted] pertaining to North [redacted] accurate, [redacted] my knowledge, information, and belief.



Bleau J. LaFave
VP – Asset Management and Business Development

Signed and sworn to before me this 15 day of November 2024 by Bleau J. LaFave the Vice President of Asset Management and Business Development of North Western [redacted]




Notary Public, South Dak of a
My Commission expires: 6/23/2028