# APPENDIX H. DRAFT RATE IMPACT STUDY

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# Introduction

This appendix contains a rate impact study completed by the Montana Office of Consumer Counsel for the portion of the North Plains Connector project proposed to be located in Montana. Section 69-2-216, Montana Code Annotated (MCA), requires completion of a rate impact study for any project, such as the North Plains Connector project, that requires the issuance of a certificate of compliance under Montana's Major Facility Siting Act and to be included in the Draft Environmental Impact Statement (Draft EIS).

The rate impact study is being made available for public comment along with the Draft EIS comment period. Montana Department of Environmental Quality (MDEQ) will forward any comments received to the Office of Consumer Counsel. Following the close of the comment period, the Consumer Counsel will respond to the substantive comments. MDEQ will include the responses in its final environmental review of the project.

Comments on the enclosed rate impact study may be sent to:

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DRAFT Rate Impact Study

By

Montana Consumer Counsel, September 2025

The North Plains Connector ("NPC") is a proposed merchant 420 mile, 500kV and 345kV, bi-directional high voltage direct current ("HVDC") transmission line with a capacity of 3000MW that would bridge the Western and Eastern Interconnections. The proposed western terminus would be a 500KV segment in the town of Colstrip, Montana at an existing substation owned by NorthWestern Energy, and the two proposed eastern termini would be 345KV near the towns of Center and St. Anthony, North Dakota.[1]

This transmission line would allow utilities and power marketers to take advantage of the diversities of loads and generation that exist between the eastern and western grids, increasing system reliability and the capacity contributions of variable energy resources ("VERS"). Regarding power prices, eastern market prices in the organized markets of the Mid-Continent Independent System Operator ("MISO") tend to be lower, on average, than western market prices in the bilateral market at the Mid Colombia ("Mid-C ") hub. This would potentially give utilities in Montana access to lower energy prices during some hours, lowering utility rates for their customers. Additionally, during hours where MISO prices are higher than western market prices and Montana utilities are long on energy, Montana utilities would potentially be able to sell excess energy into MISO markets, further lowering customer rates. There may also be opportunities for Montana utilities to secure lower cost capacity from the eastern interconnection, either through purchases of resources or capacity contracts.

The current estimate of the total cost of this project is projected to be approximately $3.2 billion.[2] The Montana Department of Commerce has secured up to $700 million of funding from the U.S. Department of Energy's ("DOE") Grid Resilience and Innovation Partnership ("GRIP") program, most of which would support construction of the project.[3] Currently 75% of the total proposed capacity of the NPC is potentially subscribed to under non-binding memorandums of understandings ("MOE"). NorthWestern Energy has signed a non-binding MOE for 300 MW,[4] Avista has signed a non-binding MOE for 300MW,[5] Puget Sound Energy

[1] Frequently Asked Questions - North Plains Connector
[2] Home - North Plains Connector
[3] Governor Gianforte, Department of Commerce Announce $700 Million To Increase Power and Regional Grid Reliability | Montana Department of Commerce
[4] NorthWestern Energy to participate in regional transmission projects
[5] Avista joins PGE, Grid United and ALLETE in 3,000 megawatt east-west transmission line | Avista Corporation

has signed a non-binding MOE for 750MW,[6] Portland General Electric has signed a non-binding MOE for 600MW,[7] and Berkshire Hathaway Energy has signed a non-binding MOE for 300MW.[8]

The ultimate impact of this project on Montana ratepayers will depend on power flows on the NPC, both purchases and sales of electricity and possibly capacity by Montana utilities, fixed capital costs related to the NPC incurred by Montana utilities that will be recovered though rates, variable costs related to the NPC incurred by Montana utilities that will be recovered through rates, and the allocation of these costs between retail and wholesale customers. Any capacity on the NPC will be subject to the Federal Energy Commission's ("FERC") nondiscrimination and transparency requirements reflected in FERC Orders 888,[9] 889,[10] and 890,[11] which would allow non-owner parties to potentially utilize capacity on the line and possibly provide a revenue stream back to utility ratepayers.

Because of the complexity of these relationships along with the preliminary nature of the commitments by "committed" utilities, it is impossible to calculate a defined impact on ratepayers of Montana utilities. While NorthWestern Energy has signed a MOU with Grid United for 300MW of capacity on the line, that MOU is non-binding and thus not a definitive commitment or contract to purchase capacity. The utility has not produced any estimates of the cost related to the NPC that it would seek to recover from its ratepayers, either retail or wholesale, or estimates of power flows that would occur on the line.



[6] PSE | Puget Sound Energy signs on to largest share of North Plains Connector transmission project
[7] PGE joins Grid United and ALLETE in 3,000 megawatt east-west transmission line | PGE
[8] BHE U.S. Transmission Joins Grid United for North Plains Connector Transmission Project
[9] Order No. 888 | Federal Energy Regulatory Commission
[10] Order No. 889 | Federal Energy Regulatory Commission
[11] Microsoft Word - RM05-25-000.doc

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