Documentation of Changes to PD002 & 003 Following APP's Dialogue with NorthWestern Energy

This document is a record of alterations made to the Interstate Transmission Development Compact (PD003) as a result of ongoing discussions with NorthWestern Energy (NorthWestern) representatives, particularly following the Energy and Technology Interim Committee's meeting on March 23, 2026. Alan Olsen (at the time, Director of Government Affairs for NorthWestern) expressed NorthWestern's concern that the Compact may:

a. Impose an additional set of regulations on the industry,
b. Impose an unrealistic 90 day time limit for issuance of a decision for completed applications and interfere with provisions of the Montana Environmental Policy and Siting Act, and
c. Create confusion within competitive bidding processes by creating disincentives for incumbents to participate, increasing project costs, and/or interfere with FERC-approved processes, among other concerns.

American Power Play (APP) immediately expressed a willingness to address NorthWestern's concerns and present amendments that provide the most beneficial solutions for Montanans. For example, APP removed the aforementioned 90 day limit for issuance of a decision for a completed application, addressing NorthWestern's concern that this might interfere with mandated environmental reviews. In the absence of a preferred timeframe, this provision now reads that Montana and member states shall engage in biennial reviews of processes governing routing, siting, and permitting of proposed transmission facilities in order to identify state statutory/regulatory modifications that would result in a more streamlined application review period and reduce burden and costs on interstate transmission developers. (See Section 3, Article III, 3)

APP made substantive edits to the proposed draft legislation to alleviate concerns that the competitive bid process might interfere with existing Federal Energy Regulatory Commission (FERC) processes. Changes to the definition of "transmission facility" clarify that such facilities are subject to competitive bidding only under applicable FERC transmission planning orders & subject to related interstate transmission provider tariffs filed at FERC (See Section 3, Article II, 8).

Other amendments include that applicable transmission facility projects shall be awarded through a *transparent* competitive bidding process and that bids shall be evaluated using best value criteria rather than solely evaluated on lowest cost. Because benefit criteria are subject to FERC authority in areas where FERC-approved processes govern, this provision was amended to read that the bid process "should" rather than "shall" consider certain enumerated project

benefits in the evaluation process, so as to avoid conflict with said FERC criteria. (See Section 3, Article III, 1(a))

Additional changes direct the Public Service Commission, Department of Environmental Quality, and Department of Natural Resources and Conservation to promulgate rules for the implementation of applicable policy provisions in Section 3, Article III within 180 days of the effective date of the legislation. This adjustment would eliminate the waiting period between passage in Montana and passage of substantially similar legislation in a neighboring state, thus providing Montana the opportunity to make policy reforms and improvements to transmission routing, siting and permitting regulations.

Finally, “Competitive” was removed from the title of the proposed draft legislation to avoid an overemphasis on a competitive bidding process and distracting from the other equally important transmission policy reforms.

To ensure customers have access to reliable and affordable electricity, transmission infrastructure in Montana must prepare for sustained load growth, a shifting generation mix, and increasing reliability risks. How these future scenarios play out can affect the siting, timing and sizing of transmission facility development. These future scenarios reveal opportunities for projects that enhance system reliability, economic, and transfer benefits. The "Interstate Transmission Development Compact Act" will help Montana lead the region towards a more affordable, resilient energy future.