



capacity for those three distinct shorter-duration categories. This RFP was conducted by an independent and respected third party. NorthWestern was not directly involved in the evaluation process. After receiving the identified short-list from the evaluator, NorthWestern in conjunction with the evaluator selected three proposals: the Yellowstone Generating Station to address the 20-hour need and a portion of the 10-hour capacity need, a 5-year power purchase agreement with Powerex Corp., the marketing partner of BC Hydro System, to address the remaining portion of the 10-hour duration need and part of the 5-hour need, and a contract with Beartooth Energy Storage, LLC for a 50 MW, 4-hour battery facility to be located near Billings for the remaining portion of the 5-hour duration need. No RFP was issued to upgrade or replace Colstrip capacity, because no need had been identified.

5. Transmission limitations on the ability to import power

The United States electric grid has an Eastern Interconnection, a Western Interconnection, and a separate Texas interconnection, which each operate largely independently with limited transfers of power between them. NorthWestern's Montana electric transmission system is located in the Western Interconnection of the United States grid. NorthWestern also has an electric transmission system in South Dakota; however, that is in the Eastern Interconnection and there is no effective means to transfer electricity from NorthWestern's South Dakota generation sources to Montana. In addition, those generation sources are fully subscribed.

NorthWestern manages its transmission system in Montana as a Balancing Authority Area ("BAA") operator, with responsibility for ensuring that system supply and demand are in constant balance. To support the continuous flow of electricity, NorthWestern is also responsible to provide ancillary services such as scheduling, system control, and dispatch; regulation and frequency response; and contingency reserves. When demand and supply are not in balance, equipment damages, cascading outages, or blackouts can result. As a BAA operator, NorthWestern must meet and operate within the reliability standards established by NERC.

NorthWestern's Montana electric transmission system covers over 97,000 square miles. This integrated system includes about 7,000 miles of transmission lines. The system includes over 280 circuit segments, 79 transmission or transmission/distribution substations, and over 100,000 poles and towers. The transmission system integrates resources and loads through 500 kilovolt (kV), 230 kV, 161 kV, 115 kV, 100 kV, 69 kV, and 50 kV lines to deliver power to the various load centers dispersed throughout NorthWestern's service territory.

Montana was traditionally an exporter of power. However, following the 2015 closure of the J.E. Corette plant (163 MW) and the 2020 closure of Colstrip units 1 and 2 (614 MW), the NorthWestern BAA has transitioned from being a net exporter of energy to a