

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

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**IN THE MATTER OF THE DESIGNATION OF )  
ELECTRIC UTILITY TRANSMISSION )  
FACILITIES AND ELECTRIC UTILITY )  
GENERATION FACILITIES FOR WHICH AN ) Case No. 6396  
APPLICATION TO OBTAIN A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND )  
NECESSITY IS REQUIRED OR THE FILING )  
OF A FORMAL DETERMINATION THAT NO )  
CERTIFICATE IS REQUIRED )**

1                   **COMMENTS OF THE INTERWEST ENERGY ALLIANCE**

2   **16 June 2006**

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4           The Interwest Energy Alliance (“Interwest”) appreciates the opportunity to  
5 comment on Decision No. C06-0595 and Case No. 6396, on transmission-owning  
6 utilities’ plans to expand their transmission facilities in Colorado.

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8           Though the Commission’s order was mailed on May 26, 2006 and comments  
9 were due within 15 days (i.e., June 12th), I did not receive a copy of this order until after  
10 requesting it from staff on June 6, 2006. I requested to be added to the service list for this  
11 matter in an e-mail to Doug Dean on April 28, 2006. Thus, I respectfully request that  
12 these comments be considered timely for the purposes of consideration under Rule 3206.

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14           Interwest, which represents some of the nation’s leading companies in the wind  
15 energy industry, believes that the PUC and its staff should identify lines submitted by

1 utilities in their 3206 filings that could serve the wind resource areas of Northern  
2 Colorado, central Eastern Colorado, and Southeast Colorado.

3

4 For each of these facilities, the PUC and its staff should analyze whether or not  
5 the utilities' plans as filed are sufficient over the next ten years to build 1) wind projects  
6 that are presently in the utilities' transmission service queues, or 2) larger amounts of  
7 wind that would be necessary to add to utility systems assuming natural gas at prices of  
8 \$6, \$10, or \$20 or more.

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10 We believe that some urgency in building new transmission facilities is important  
11 in order to provide benefit to customers of Xcel Energy and other transmission-owning  
12 utilities in Colorado. Expediting new transmission to the three wind-rich regions of the  
13 state identified above would enable consumer benefits and cost savings to accrue more  
14 quickly as new wind facilities are built in those areas.

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16 Xcel Energy reports that wind energy provided a net benefit to its customers of  
17 \$9.75 million in 2005, due largely to the cost stability and affordability of wind. Wind  
18 energy also provides real local economic development benefits to rural and agricultural  
19 parts of the state, creating new jobs and generating new local tax revenues. However,  
20 large windfarms can be completed in less than one year, while new transmission to these  
21 projects in rural Colorado typically takes five years or more to complete.

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1 Transmission inadequacy has already proven itself as an impediment to lower  
2 utility rates for Xcel Energy customers, as demonstrated in several recent instances:

- 3 1. Xcel Energy’s request, and the Commission’s grant, of curtailment payments: As  
4 early as 2004 (!), Xcel Energy admitted in Docket No. 04A-214-216E that its  
5 transmission system was insufficient to bring all cost-effective wind energy  
6 resources to market to offset high natural gas prices.  
7
- 8 2. Following Xcel Energy’s 500 MW renewable energy RFP in late 2004, it awarded  
9 only 60 MW of the 130 MW cost effective wind bid by Invenergy, due to lack of  
10 transmission capacity.  
11
- 12 3. Following Xcel Energy’s 2005 all-source solicitation, Xcel Energy awarded only  
13 75 MW of a larger wind bid by PPM Energy — again due to lack of transmission  
14 capacity. The public version of this solicitation’s bid evaluation report identified  
15 a number of other transmission inadequacies throughout the three parts of the  
16 state mentioned above (northern, east-central and southeastern Colorado).  
17

18 The PUC is charged with keeping rates to consumers reasonable. Transmission  
19 constraints are preventing lower-cost wind resources from displacing higher-cost gas  
20 generation in Colorado. The 3206 filings are important in keeping costs —and rates— to  
21 consumers reasonable, particularly over the long term when we believe assumptions  
22 about natural gas prices should be aggressive in order to protect ratepayers.  
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24 Thank you for considering these comments relating to the transmission-owning  
25 utilities’ plans filed under Rule 3206.  
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