



November 21, 2007

Transmission and Grid Operations
Public Service Corporation of Colorado

Via email to dave.cenedella@xcelenergy.com

Subject: Public Service Company of Colorado's Attachment K Draft

The American Wind Energy Association (AWEA) and Interwest Energy Alliance (Interwest) appreciate the opportunity to provide the following feedback on Public Service Company of Colorado's (PSCo) draft transmission planning Attachment K of their OATT. AWEA is a national trade association representing over 1,100 entities with a common interest in encouraging the expansion and facilitation of wind energy resources in the United States. AWEA members include wind turbine manufacturers, component suppliers, project developers, project owners and operators, financiers, researchers, renewable energy supporters, utilities, marketers, customers and their advocates. Interwest is a trade association that brings the nation's clean energy industry together with the West's advocacy community for consensus-based, collaborative approaches to building new markets and facilitating new transmission development throughout the West. AWEA and Interwest members include transmission and interconnection customers of PSCo and we have a strong interest in transmission expansion planning that will result in construction of new transmission capacity to facilitate future wind development.

AWEA and Interwest support the intent of the Federal Energy Regulatory Commission's Order 890 (the Order) which requires transmission providers to detail how their local, sub-regional, and regional transmission planning processes will meet the Order's nine requirements which focus on stakeholder involvement, transparency, regional coordination, economic planning and cost allocation. Below we provide some general comments on the principles that highlight our members' greatest concerns, as well as some specific suggestions for improvement of PSCo's Draft Attachment K.

Coordination and Openness

We enthusiastically support the requirement for openness and inclusion of all stakeholders in transmission planning processes at all levels. Renewable energy developers and organizations like AWEA and Interwest have not always been invited or allowed to participate in utility transmission planning processes. Yet we have a strong interest in transmission planning that results in new capacity that can support the development of new clean generation resources. We appreciate that PSCo has identified two open public meetings annually in their Attachment K to include input from developers and wind industry organizations in their transmission planning process.

While FERC's Order No. 890 Transmission Planning Process Staff White Paper dated August 2, 2007 (White Paper) indicates that, "All parties interested in the planning process should be allowed to participate, as relevant,"¹ we believe that it is the responsibility of the transmission providers (TPs) not only to allow participation but to foster it by providing a process that is simple, in terms of both meeting notification and participation. It will be challenging for many renewable energy developers and groups like AWEA and Interwest to participate in every transmission provider's local planning process because our staff is limited. Therefore, we would like to see opportunities to learn about local transmission plans and to provide input on them at sub-regional and/or regional planning forums in order to limit the number of meetings our staff must attend. To facilitate our participation we suggest that one sub-regional and/or regional entity

¹ "Order No. 890 Transmission Planning Process Staff White Paper", August 2, 2007, related to Docket Nos. Nos. RM05-17-000 and RM05-25-000, page 5.

provide meeting information, and one forum where we can learn about and provide input on all transmission planning activities in the region.

As a regional entity, the Western Electricity Coordinating Committee (WECC) Transmission Expansion Planning and Policy Committee (TEPPC) is appropriately positioned to fill this role. TEPPC provides a good stakeholder input process through diverse TEPPC membership and open participation in the Technical Advisory Subcommittee (TAS). However, TEPPC can go one step further by improving its stakeholder communication via a West-wide transmission planning web site which should be coordinated with each of the individual transmission providers and sub-regional planning entities, such that stakeholders can go to one place to find a calendar of upcoming meetings, and updates on all the transmission planning efforts across the West. PSCo offers to post meeting information on their OASIS that will provide interested parties a significant amount of information about their planning process. We request that PSCo pass on much of this information to TEPPC and encourage TEPPC to take on the role of coordinating and disseminating transmission planning information for the West. We also request that PSCo allow other interested parties to join email distribution lists, so that they may receive meeting notices electronically along with PSCo's network and point-to-point customers.

Transparency

We support the requirement of publicizing information on transmission planning methodologies that will allow others to understand and replicate studies. Transparency of study methods and data should apply to economic planning studies also, so that wind energy transmission customers can critique the studies and offer alternatives.

While FERC's Order and White Paper did not specifically call out a requirement that transmission providers capture and publicize information about historic line/path usage, we believe this is a critical piece to transparency that will enable parties to understand areas of constraint and where there are opportunities for new products like conditional firm and redispatch that would meet their business needs. We request that PSCo work with WestConnect and its members to make arrangements to gather and publicize historic usage information in an appropriate way on the WestConnect website.

Regional transmission planning

FERC's White Paper states, "The formal Attachment K filing obligation, however, does contemplate that each transmission provider will clearly identify the details of how its planning process will be coordinated with interested parties."² We believe that the details of coordination need to spell out how each utility will participate in regional and sub-regional transmission planning processes. As the White Paper indicated, this needs to include committees and meeting structures, responsibilities of the various parties and committees, and how decisions will be made. The Commission also determined in its Order that regional planning was needed because "greater coordination and openness in transmission planning is required, on both a local and regional level, to remedy undue discrimination. The coordination of planning on a regional basis will also increase efficiency through the coordination of transmission upgrades that have region-wide benefits, as opposed to pursuing transmission expansion on a piecemeal basis."³ We agree completely with these above statements, and believe that it is incumbent upon each transmission provider to include clear details about its process for coordinating with other transmission providers through well laid out sub-regional and regional planning processes to establishing one regional transmission plan that most cost effectively meets the reliability and economic needs of all customers in the region. This regional plan should incorporate and jointly analyze all local and sub-regional plans together to ensure that all upgrades and additions work together and are not duplicative.

In addressing the role of sub-regional groups, the White Paper states, "Staff encourages entities participating in regional planning activities to consider use of sub-regional groups to facilitate the planning process. If used, the responsibilities of sub-regional groups should be identified, as well as the mechanisms those groups will use to coordinate among themselves and with regional entities." PSCo has indicated that WECC TEPPC is the regional planning forum they will use, which the WestConnect, Colorado Coordinated Planning Group (CCPG), and PSCo local planning efforts will feed into.

² White Paper, page 3.

³ Order 890, "Preventing Undue Discrimination and Preference in Transmission Service", issued February 16, 2007, section 524.

TEPPC plans to coordinate with all the sub-regional planning groups and provide central database services so all planning in the West can be consistent.

AWEA and Interwest previously commented on the state of planning and coordination in its February 9, 2007 letter to the CCPG. (See: http://www.interwest.org/documents/documents/2007-02-09_ccpg_ltr_9feb07.pdf) The concerns raised in this letter are the need for 1) greater public participation in Colorado long range transmission planning, 2) greater contributions from energy efficiency and renewable energy resources, 3) greater coordination between utility transmission plans, and 4) the inclusion of out of state resources and export opportunities.

It is noteworthy that Chairman Sisk of the CCPG responded to our critique of the CCPG's process and outcomes by noting his agreement with the concerns we had raised. We have not yet seen the improvements promised, and we request that PSCo work with CCPG to address the four areas of concern in this letter as they are what is required by state law and FERC's regulation at issue in these comments.

In addition, PSCo's Attachment R should summarize the CCPG member responsibilities, even if the bulk of the information resides in another document. Also, simply referencing the WestConnect Project Agreement does not provide customers and interested parties enough information to navigate the planning process. Additional detail throughout the sections on CCPG, WestConnect, and WECC TEPPC can help parties understand better at which point they need to engage in the transmission planning process.

Economic Planning Studies

We support the FERC requirement that TPs run transmission studies that consider the economics of the existing transmission system and potential upgrades. The FERC Staff White Paper states: "Customers must be given the opportunity to obtain studies that evaluate potential upgrades...that could reduce congestion or integrate new resources and loads on an aggregated or regional basis."⁴ Such studies are critical to making sure that congestion is not impeding customer access to low cost, and stable priced resources. Utilities in many states also need access to renewables to meet state and/or federal

⁴ White Paper, page 15.

mandates. We have several comments and questions on PSCo's economic planning section.

The White Paper makes the recommendation of “an open forum for all stakeholders...e.g., to form a self-governing group to identify and prioritize economic study requests...and to consider adopting procedures to govern the clustering or batching of requests.”⁵ AWEA and Interwest believe this is a very important aspect to an open and transparent transmission planning process. We request that PSCo provide clarity on how stakeholder input on economic studies will be considered, and if stakeholders will have a role in deciding which local economic studies are “high priority.” PSCo must also detail in its Attachment K how many “high priority” economic planning studies will be completed under cost of service each year or during each planning cycle.

WestConnect does not seem to consider economic planning studies at all. Does this mean that PSCo commits to economic studies only in its local planning process and through its participation in WECC TEPPC. We do not see any consideration of economic studies at the sub-regional level through CCPG or WestConnect; however, we believe this can be helpful, even if these groups do not actually run the studies. We suggest that PSCo work with others members of the CCPG and WestConnect to consider a sub-regional review of economic study requests, and a stakeholder discussion of which requests are of greatest interest. We also believe that this discussion should touch on the nature of the requests, and CCPG and WestConnect should consider sponsoring economic transmission studies if there are high priority requests that are really sub-regional in nature.

Cost Allocation and Cost Recovery

We encourage the formation of multi-state committees, as indicated in FERC's White Paper, to develop cost allocation methodologies for regional projects that consider cost recovery from multiple TPs when appropriate. In many cases, especially for location dependent renewable resources, regional transmission projects should receive rolled-in rate treatment. We believe this rate treatment is especially important for “lumpy” transmission additions or proactively planned facilities in which the upgrade is far larger

⁵ White Paper, page 16.

than needed to connect the first generators. These types of transmission projects are being planned for under Texas' Competitive Renewable Energy Zone legislation, under Colorado's SB07-100, and the California's Renewable Energy Transmission Initiative and their Remote Resource Interconnection Policy. AWEA proposed measures to strengthen Colorado transmission planning, which were ultimately adopted by the Task Force on Reliable Electricity Infrastructure. This ultimately led to Colorado's SB07-100 and SB07-91, both new laws that strengthen the state's policy to ensure that transmission infrastructure provided by Xcel is adequate to bring cost effective generation resources to consumers. Under this legislation, utilities may apply for current cost recovery for transmission expenses, and Xcel has such an application pending at the Colorado PUC. It remains to be seen whether cost recovery can be granted as "prudent" for transmission investments and expenses that provide inadequate service to bring all currently cost effective wind projects to Xcel's consumers (See: www.interwest.org/backcast.htm).

Large, regionally beneficial projects are identified separately from individual transmission interconnection requests and are needed to support several generators that could not individually afford upgrades. Rolled in rate recovery can help support the development of these lines, which in turn will allow utilities access to renewable resources to meet state renewable energy standards. We appreciate that PSCo is already obligated to identify such projects through its local planning process in Colorado. We encourage PSCo to work with WestConnect and its members to consider how WestConnect could add large transmission projects like this to its cost allocation proposal using rolled in rate treatment.

Order 890 calls for "transmission providers (to) address in their Attachment K the allocation of costs of new facilities that do not fit under existing rate structures. The Commission suggested that such new facilities might include regional projects involving several transmission owners or economic projects that are identified through the study process, rather than individual requests for service."⁶ PSCo itself does not seem to indicate a cost allocation methodology. Is this because they believe that all projects identified through their local planning process will fit under their existing rate structures?

⁶ White Paper, page 17.

It would be helpful for PSCo to add a short descriptive section about the rate treatment already included in their tariff and how that addresses FERC's intent.

At the regional level, projects are likely to be identified that may not fall within individual sub-regions and the cost allocation methodologies agreed to by members of sub-regional planning groups. Therefore, we suggest PSCo work with WECC TEPPC and other utilities in the West to come up with a cost allocation framework that can work for large regional projects that may cross sub-regional boundaries.

AWEA and Interwest value this opportunity to provide input to PSCo prior to their filing of their final Attachment K. We welcome any questions about the concerns identified here.

Sincerely,

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