



COLORADO INDEPENDENT ENERGY ASSOCIATION

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Re: Tri-State Generation and Transmission (“TSGT”) Interconnection Queue Reform Proposal

The Colorado Independent Energy Association (“CIEA”) and the Interwest Energy Alliance (“IEA”) (together the “Parties”) provide suggestions here for the proposed revisions of the Tri-State Generation and Transmission (“TSGT” or “Tri-State”) Large Generator Interconnection Procedures (“LGIP” or “Proposal”) as discussed at the meeting on February 19, 2009.

We welcome the initiative by TSGT where it extended the original comment period on the Proposal and the formation of subsequent Stakeholder meetings to examine the Proposal with interested parties and other market participants. However, concerns remain on whether the Proposal would achieve its goals and also, whether it might be viewed as allowing TSGT to exercise market power and discriminate against market participants. The Parties suggest clarification of the “New Concepts” of Load and Resource Planning presented at the TSGT meeting that are to be incorporated in the Proposal. Those provisions, under the Load and Resource Planning, need to be made more clear to help assure (1) they do not violate the rules of Open Access established by the Federal Energy Regulatory Commission (“the Commission”, or “FERC”) Order Nos. 888 and 889 and (2) they can be better incorporated under Transmission Planning Procedures filed under FERC Order 890.

The Parties suggest that TSGT confirm that the variations proposed in the Proposal are just and reasonable and do not unduly discriminate against certain types of generation *e.g.*, wind generation.

Additional concerns that should also be addressed in the Proposal include:

1. Tri-State's transmission expansion planning needs to be tied in contemporaneously with the Proposal. Interconnection queue reform without a transmission expansion plan could result in fewer generation projects being interconnected to the transmission grid due to an apparent shortage of available capacity.
2. Tools to help "unclog" the backlog in the generator interconnection queue that should be considered include: (1) clarification of the availability of pre-queue screening studies to evaluate the feasibility of the generation project on the transmission grid, (2) increased transmission expertise or staff to help conduct the generator interconnection studies, or establishing an independent entity to perform these studies, and (3) having the possibility of conducting the interconnection studies in "clusters"
3. Cost allocation should also be addressed in the Proposal, or in the alternate, a Task Force should be established to develop a set of rules that would govern any transmission expansion plan and its costs responsibility to users of the transmission grid.

Without any further changes or clarifications to the Proposal, TSGT would be promoting anti-competition in the market place by giving preference to generators that it elects to designate as Network Resources to interconnect to the transmission grid. This would negate the Commission's Order 2003 to facilitate generators to interconnect to the transmission grid, and, if not changed or clarified, may constitute a violation of the Commission's Order. If the TRS Path is meant to be an equal alternative to the Network Resources Path, rather than the customer "proceeds at own risk", this needs to be made clear. Furthermore, TSGT cannot preclude generators from interconnecting to its transmission system and selling the power in another entity's system.

The Parties understand that with the current process generators are experiencing severe "backlog" in the current LGIP, and that it must be fixed. But the Proposal must be fair to *all*

market participants, and the right set of milestones should be put forward to transition from the “*first in – first served*” to a “*first ready – first served*” concept. The Parties are looking forward to working with TSGT and other interested parties in the Stakeholder process to refine the Proposal.

1. Optional Feasibility Study and Pre-Application Queue Phase

The Parties ask TSGT to clarify that Feasibility Studies are still available: In order to render a more efficient interconnection process, the Parties believe that increased communication with the Interconnection Customer early on in the process is a vital requirement to improve the efficiency of the process.

The Parties would propose that a meeting be held in the Pre-Application Phase with the Transmission Service Provider on items such as alternate points of interconnection, existing transmission issues (*e.g.*, overloads, low or high voltage profiles and stability concerns, *etc.*), expected length of the LGIP process, and feasible facilities in-service dates, together with a review of other technical data and milestone requirements and the overall expectations of the LGIP. This information communicated to the Interconnection Customer will better inform the Interconnection Customer and minimize the potential for delays in the LGIP that are caused by Interconnection Customers withdrawing from the interconnection queue. The Pre Application Phase will enable the Interconnection Customer to make informed decisions regarding their project and hence will enhance the utilization of Transmission Planning resources. For those Interconnection Customers that do not need the benefits of a Pre-Application Phase and wish to enter into a System Impact Study Agreement, they should have the ability to do so by making their Feasibility Study optional.

2. Study Deposits

The Parties suggest that the TSGT proposed Study Deposits be revised to be in amounts commensurate with the nameplate capacity of the Interconnection Customer generation project. TSGT is asked to consider the following Study Deposit level:

- a. <100 MW: \$40,000
- b. >101 MW but <499 MW: \$75,000
- c. >500 MW: \$90,000

3. Site Control

The Parties support the TSGT Proposal initiatives to restrict Interconnection Customers from “paying their way through” the interconnection process where they have not demonstrated sufficient Site Control. However, the current Proposal may be very restrictive, particularly for wind energy Interconnection Customers, unless there is further definition of what constitutes Site Control. A wind project may require thousands of acres in site control, so this is an important issue. The Parties suggest a more clear definition of what includes Site Control (option agreements, etc.) and that an Interconnection Customer be required to demonstrate at least 25% of the Site Control to fulfill the requirement to enter the System Impact Study. Then it should demonstrate at least 50% of the Site Control to fulfill the requirements to enter the Facility Study. This is summarized below:

- d. System Impact Study: at least 25% of Site Control
- e. Facility Study: at least 50% of Site Control
- f. LGIA: at least 75% of Site Control

4. Stand-Alone Transmission Study Methodology

The Parties think the option to have “cluster studies” is a good alternative to the methodology of “stand-alone” transmission studies to evaluate Interconnection Customers’ interconnection requests in the queue. This is a departure from just “stand-alone” studies, or the serial process, and it may help the success of the implementation of the TSGT queue reform. A broader approach, including the opportunity for “Cluster Studies” or “Cluster Windows” could be standardized for projects in the queue that are similarly situated electrically and hence could be analyzed together.

This approach of “Cluster Studies” enables the Transmission Service Provider (TSGT) to develop transmission plans that can serve the needs of the zones where many Interconnection Customers have interconnection requests and are awaiting transmission build out to integrate the resources into the transmission grid. Also, the “Cluster Study” approach would minimize the time frame required to conduct multiple “serial” interconnection studies, as the “Cluster” approach may have many different interconnection requests grouped together and hence save time and human resources to perform the interconnection studies in response to the interconnection requests. The “Cluster Study” approach could also facilitate the integration of the transmission solution for the “Cluster” group into the transmission plans of TSGT.

5. System Impact Study (SIS) Phases I & II

The Parties propose a new methodology in the LGIP to streamline the interconnection request while addressing the transmission system expansion in the State of Colorado. The System Impact Study (SIS) consists of a Phase I SIS and a Phase II SIS, which would include, but not be limited to, short circuit/fault duty, steady state (thermal and voltage) and stability analyses. Suggested study procedures for SISI and SISII are outlined below:

- a. Interconnection Requests should be submitted during a Queue Cluster Window.
- b. TSGT should accept Interconnection Requests for SISI Studies during a one-hundred-eighty Calendar Day period to be referred to as the "SISI Queue Cluster Window", every one-hundred-eighty days.
- c. TSGT should accept Interconnection Requests for SISII Studies during a one-hundred-eighty Calendar Day period to be referred to as the "SISII Queue Cluster Window", every one-hundred-eighty days.

The Interconnection Customer should be allowed to modify its interconnection request prior to entering the SISII cluster window. Modifications permitted should include: (1) a decrease of electrical output (MW) of the Large Generating Facility, (2) modification of electrical

parameters of the Large Generating Facility, (3) modification of the electrical parameters of the “collector” system design and (4) modification of the interconnection configuration.

The in-service date of the Large Generating Facility could be modified up to thirty-six months from the original application.

To enter the SISII Cluster Study, the Interconnection Customer should supply at least one of the following:

- a. An executed contract (or comparable evidence) for the sale of electric energy or capacity from the Generating Facility;
- b. Purchase Order for generating equipment specific to Queue Position for the Generating Facility;
- c. Letter of Credit or payment of Interconnection Customer’s 20% share of estimated Network Upgrades

The most significant difference between SISI and SISII cluster studies is the coordination of the Colorado transmission planning process that will include consideration of transmission planning projects including the Colorado Long Range Transmission Planning Group (CLRTPG), Colorado Coordinated Planning Group (CCPG) and PSCO Senate Bill 100 (SB-100) transmission studies. This approach would consist of a “phased development” of transmission projects that can address the uncertainty of generators injecting into the transmission grid.

Re-studies are not necessary in this Proposal as the next generator may take the “empty” slot in the cluster window.

6. Facility Study Milestones

The Parties suggest changes in the milestone requirements in the Proposal to enter the Facility Study. The current provisions in the Proposal allow TSGT to give “higher priority” in the LGIP to those generators designated as Network Resources. This is against the rules of Open Access,

in which no generator should be given preferential treatment in the LGIP. A new set of non-technical milestones could be:

- a. An executed contract (or comparable evidence) for the sale of electric energy or capacity from the Generating Facility;
- b. Purchase Order for generating equipment specific to Queue Position for the Generating Facility;
- c. Letter of Credit or payment of Interconnection Customer's 100% share of estimated Network Upgrades

The milestone of designation of Network Resources should not be present in the LGIP and it is better served as a requirement to enter the LGIA

7. Suspension of LGIA

The Parties do not support that only force majeure can be used for cancellation and/or delay of an executed LGIA. Projects may have certain milestones that should be met prior to the execution of the LGIA. The Interconnection Customer should have up to one hundred and eighty days to meet the milestones to have an executed LGIA. If the Interconnection Customer does not meet the above mentioned milestones, then the Interconnection Customer should enter into suspension.

Colorado Independent Energy Association

Interwest Energy Alliance