

**Comments Received
in Response
to Western Area Power Administration's
Federal Register Notice Titled “Notice of Proposed
Program and Request for Public Comments”**



501 EAST THOMAS ROAD ■ PHOENIX, ARIZONA 85012-3205

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April 2, 2009

Mr. Timothy Meeks, Administrator
Western Area Power Administration
Post Office Box 281213
Lakewood, Colorado 80228-8213

Re: Notice of Proposed Program and Request for Public Comments
(74 FRN No. 41, March 4, 2009) - "Notice"

Dear Mr. Meeks:

The Arizona Municipal Power Users' Association ("AMPUA") supports the comments which have been made and submitted by the Colorado River Energy Distributors' Association ("CREDA") concerning the proposed Transmission Infrastructure Program ("TIP").

The Arizona Municipal Power Users' Association ("AMPUA") is an association of consumer-owned and operated electrical systems and it consists of cities and towns, rural electric distribution and generation cooperatives, special districts, irrigation and electrical districts, water conservation districts, agricultural improvement districts and Indian utilities. Collectively the members deliver almost one-half the electricity in Arizona to over two million people.

Very truly yours,

ARIZONA MUNICIPAL POWER USERS'
ASSOCIATION

By  _____
Its Executive Secretary

cc: AMPUA Membership
Colorado River Energy Distributors Association

From: Charles Ashley
To: <txprogram@wapa.gov>
Date: 3/8/2009 12:23 PM
Subject: WAPA Transmission Infrastructure Program

Transmission Infrastructure Program:

Adding to an already ugly and environmentally destructive centralized grid is the wrong way to go. The moneys allocated for energy infrastructure in the Financial Recovery Act, section 402 can be better spent. By far the better solution for America's electrical energy needs is local distributed renewable generation facilitated by advanced renewable feed-in tariffs.

The dispersed or distributed generation system is better in any number of ways; here are some of the more important ways:

1. **Public Interest**:

a. While distributed generation may cost more initially in the financial sense, it costs a great deal less in terms of environmental and quality of life issues. Let's face it, hundreds of miles long transmission lines and the huge generators they connect with load have huge environmental footprints, and they are just plain ugly to look at. Distributed generation can be added, in dual-use fashion, to existing or new construction so as not to require any further visual or environmental damage.

b. While additional high voltage transmission lines may be built in existing rights of way, many will require new right of way, which will require a great deal of damage to visual resources and ecosystems. One hundred miles of 500 kV conductor, for example, requires approximately 3600 acres of additional right of way, which will have to be cleared of trees and brush. Moreover, the notion that many lines can be built in existing corridors is deceptive in that rights of way will nevertheless have to be expanded to accomodate the new conductors, which is tantamount to building new right of way.

d. In connection with advanced renewable feed-in tariffs, local distributed renewable generation provides many more local business opportunities and jobs than the centralized model. This system works very well in Germany, which has over fifty percent of the world's rooftop solar. If solar PV can work so well in Germany, it can work in the American West, which has a great deal more sunshine than Germany.

2. **System Reliability**: The centralized model puts all of its eggs in lots fewer baskets and is therefore more vulnerable to large-scale system outages. Small generators of less than one MW can be tied directly into the distribution system providing lots more work-arounds in case of outages. Outages will be much shorter and smaller in scale.

--

Chip Ashley
www.savethefoothills.org

**COMMENTS OF BASIN ELECTRIC POWER COOPERATIVE ON THE
WESTERN AREA POWER ADMINISTRATION'S
TRANSMISSION INFRASTRUCTURE PROGRAM**

Basin Electric Power Cooperative ("Basin Electric") hereby submits comments on the Western Area Power Administration's ("Western") Notice of Proposed Program ("Notice") concerning its Transmission Infrastructure Program. In general, Basin Electric supports Western's proposal, including the principle espoused by Timothy J. Meeks, the Administrator of Western, that the costs of the Transmission Infrastructure Program should be borne by those who use the facilities. Western should modify the Program to ensure that the projects initiated pursuant to the Transmission Infrastructure Program are subject to adequate transmission planning and that the operational and cost impacts of the projects do not adversely affect Western's firm power customers or Western's existing transmission customers. Western also should extend the deadline for the submission of proposals in response to its Notice of Availability of Request for Interest in participating in new transmission projects until after it issues its final guidelines under the Transmission Infrastructure Program.

**I. BASIN ELECTRIC HAS A DIRECT INTEREST IN THE TRANSMISSION
INFRASTRUCTURE PROGRAM.**

Basin Electric is a consumer-owned rural electric cooperative headquartered in Bismarck, North Dakota. Basin Electric owns and maintains approximately 1,900 line

miles of electric transmission facilities that are operated at voltages from 115 kV to 345 kV. Basin Electric operates electric generating power plants with a total capacity of more than 3,500 megawatts providing supplemental wholesale power to 125 rural electric member systems in Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota and Wyoming, as well as to non-member customers. The member systems serve approximately 2.6 million customers in the Eastern Interconnection and the Western Interconnection. Basin Electric has outstanding debt with the U.S. Department of Agriculture's Rural Utilities Service ("RUS").

Basin Electric's transmission facilities are directly interconnected with the transmission facilities of Western. Western administers an Open Access Transmission Tariff that provides for service over the "Integrated System," which consists of transmission facilities of Western, Basin Electric and Heartland Consumers Power District that are located in Western's Upper Great Plains Region. Basin Electric's transmission facilities in the Western Interconnection also are directly connected to Western's transmission facilities that are included in the Loveland Area Projects' Open Access Transmission Tariff.

Basin Electric has a direct interest in Western's Transmission Infrastructure Program. The construction of transmission infrastructure in the regions where Basin Electric's transmission facilities are interconnected with those of Western will have an impact on loadings on Basin Electric's transmission system. Also, it is possible that the

cost of constructing the transmission infrastructure may affect the cost of transmission service to Basin Electric's native load customers.

II. BASIN ELECTRIC SUPPORTS THE GOALS OF THE TRANSMISSION INFRASTRUCTURE PROGRAM.

Basin Electric supports the construction of transmission facilities that will facilitate the delivery of clean electric energy. The nation's transmission system is not adequate to deliver the energy from clean energy generating resources to loads. Therefore, the nation's ability to utilize renewable energy is dependent on the construction of a transmission grid that connects renewable energy sources with the load centers where the energy is used.

III. THE TRANSMISSION INFRASTRUCTURE PROGRAM SHOULD NOT ADVERSELY AFFECT EXISTING RIGHTS AND RESPONSIBILITIES.

A. THE PROGRAM SHOULD NOT ADVERSELY AFFECT TRANSMISSION RELIABILITY OR OPERATIONS ON THE EXISTING TRANSMISSION SYSTEM.

Basin Electric urges Western to give strong emphasis to the criterion, stated in Section IV.B.3 of the Notice, that projects submitted in response to the Transmission Infrastructure Program should not adversely affect system reliability. The construction of substantial new transmission facilities is likely to have a significant impact on the existing transmission system. While in many cases the construction of new transmission lines may reduce loadings on existing transmission facilities, it is by no means certain that this will occur. This is especially true when a new facility experiences an outage. Also, as significant new generation capacity is connected to the transmission grid in order to take advantage of the new transmission infrastructure,

flows on both new and existing transmission lines will change. It is critical that Western ensure that the transmission projects that are constructed pursuant to the Transmission Infrastructure Program do not adversely affect system reliability. Western should carefully evaluate the impact of new transmission facilities and increased power flows on transmission loadings, transient stability performance, voltage control and sub-synchronous resonance.

Western also should add to Section IV.B. of the Transmission Infrastructure Program a criterion that new transmission projects and the dispatch of generating resources that are interconnected to those projects do not adversely affect the rights of customers on the existing transmission system, including the ability of existing network customers to fully utilize the capacity of their network resources to serve their network loads. It would be unfair to existing transmission customers if the Transmission Infrastructure Program were to create additional transfer capability on new transmission lines at the expense of the existing customers. Therefore, the calculation and allocation of transmission capacity in connection with the Transmission Infrastructure Program should preserve all existing contract path rights to transmission capacity under system intact and outage configurations. Also, the dispatch of generation that is interconnected to the new transmission facilities should not adversely affect the dispatch of generation resources pursuant to existing transmission rights. When the new transmission facilities are out of service, customers on those facilities should either adjust the dispatch of their generation accordingly or purchase transmission capacity on the existing system.

The preservation of contract rights to existing transmission capacity is particularly important with respect to constrained interfaces. For instance, the Transmission Infrastructure Program should not adversely affect the rights of the transmission providers in the region to the Total Transfer Capability on the transmission facilities that comprise the North Dakota Export flowgate ("NDEX") under normal operation or system outage conditions.

Western also should ensure that the new facilities do not increase transmission losses on the existing transmission system. If increased losses cannot be avoided, the customers who purchase the incremental capacity on the new transmission facilities should compensate existing transmission customers for their increased losses.

B. THE PROGRAM SHOULD NOT RESULT IN OTHER ADVERSE AFFECTS.

Western also should add to Section IV.B of the Transmission Infrastructure Program a criterion that projects should not adversely affect other existing rights and responsibilities. Three considerations are particularly important. First, Western should ensure that the projects that are constructed do not adversely affect either the rates for transmission service on Western's existing transmission facilities or the rates or service to Western's existing firm power customers. This criterion is consistent with the statement in Section V.B.1 of the proposed Program that projects to be constructed pursuant to the Program will be considered separately from the procedures and requirements for arranging for transmission service under Western's Open Access Transmission Tariff or interconnection agreements.

Second, customers who use the new facilities should be fully responsible for any ancillary services that are required in conjunction with that transmission service.

Western's generating facilities currently are operating at near full capacity. Western should not be required to divert its generating capacity from the generation of energy to the provision of ancillary services. Instead, customers who purchase transmission service on the new facilities should acquire their own ancillary services.

Third, landowners' rights should be preserved, and they should be adequately compensated for any rights-of-way that they provide for the transmission projects. Third party transmission owners should not be permitted to utilize a minority interest of Western in a transmission project as a basis for exercising Western's right of eminent domain with respect to new transmission rights-of-way.

C. WESTERN CAN BEST ACHIEVE THESE OBJECTIVES THROUGH A COMPREHENSIVE, TRANSPARENT SELECTION PROCESS.

Western can best achieve the objectives of the Transmission Infrastructure Program by adopting additional evaluation criteria that ensure that it will utilize a comprehensive and transparent process for the selection of transmission projects. Consequently, it should modify Section IV.C.1 of the proposed Program to specify the other evaluation factors it will use, rather than proceeding in an *ad hoc* fashion. One of the key criteria that Western should add is a requirement that proposed projects be subject to regional reliability planning. Proponents of proposed projects in the Upper Great Plains Region should be required to participate in the MAPP Transmission Planning Subcommittee process, and projects should be subject to the approval of the

MAPP Design Review Committee. Project sponsors also should be required to make modifications to the projects and to the existing transmission system that are necessary to mitigate any negative impacts on the reliability and operation of the existing transmission system, including increased transmission losses.

In addition to a planning criterion, Western should adopt the following criteria for the evaluation of potential projects:

- The ability of the project to provide transmission from viable clean energy sources to significant load centers;
- The impact of the project on system reliability, operations and rates;
- The overall costs to consumers;
- The need for additional rights-of-way;
- The rights of existing transmission owners to own the facilities within their transmission footprints;
- The extent to which the project makes use of existing, successful partnerships and relationships;
- The extent to which the project provides for staged development in response to increased demand for renewable resources and the construction of additional renewable generation over time; and
- Input from a stakeholder process, with final decisions made by Western's Administrator.

Finally, Western should include in the Transmission Infrastructure Program a statement that the selection process will be transparent. Project proponents should be

able to review and understand the basis for Western's selection of projects so that they can better adapt their projects to Western's needs.

IV. THE COSTS OF THE TRANSMISSION INFRASTRUCTURE PROGRAM SHOULD BE BORNE BY THE CUSTOMERS WHO PURCHASE THE ENERGY.

Decisions as to the allocation of the cost of the Transmission Infrastructure Program are a critical part of the program. Basin Electric supports the position taken by Western's Administrator Timothy J. Meeks in testimony on March 10, 2009 before the House of Representatives Committee on Natural Resources, Water and Power. Mr. Meeks established two critical principles with respect to cost allocation for the Transmission Infrastructure Program. First, he stated that "Any projects constructed using this authority will be considered separately from procedures and requirements for arranging for transmission service or interconnection under Western's existing open access transmission tariff." Second, he stated that the costs of the transmission projects "will be paid by those who use the facilities."¹ Western should modify the statement in Section V.B of the proposed Transmission Infrastructure Program that projects will be considered separately from existing procedures and requirements to also include Mr. Meeks' testimony that the costs of the new transmission facilities will be paid for by the transmission customers who utilize the facilities.

The issue of cost allocation is extremely important to customers of transmission providers such as Basin Electric, which owns transmission facilities in regions that have

¹ Testimony of Timothy J. Meeks, 2009 WL 609176 (F.D.C.H.) (March 10, 2009).

significant renewable energy potential but has a relatively small customer base. Due to the low density of customers on its transmission system, Basin Electric's unit transmission costs are already more than 300% higher than the costs of transmission on systems in the Midwest ISO that are more densely populated.² Basin Electric's transmission customers also will not be the principal purchasers of the renewable energy. Instead, the principal purchasers of the renewable energy will be customers in population centers that are hundreds or even thousands of miles distant from the generators, and whose transmission costs are much lower than the transmission costs paid by Basin Electric's customers. Basin Electric's customers will obtain no benefit from the transmission lines that carry the renewable energy from the generators to the load centers. Consequently, it would not be equitable to charge them for the cost of these transmission lines and drive up the cost of transmission service for those customers above its already-high level.

In making determinations on cost allocation, Western should not adopt the approach of those who oppose "pancaked" transmission rates. Pancaked rates are rates that are charged separately by each transmission provider on the path between a generator and the load that the generator serves. The FERC has encouraged transmission providers to eliminate the pancaking of transmission rates because multiple transmission charges serve as an economic disincentive to the transmission of

² The lowest rates in MISO are Indianapolis Power & Light (\$525/MW month), Columbia MO (\$725/MW month), Ameren Missouri (\$725/MW month) and Ameren Illinois (\$875/MW Month). In contrast, the rate for transmission service on the Western/Basin Electric/Heartland Integrated System is \$2,970/MW Month.

energy over long distances. Of course, since transmission providers must recover their costs from their on-system customers to the extent they do not recover them from pancaked transmission charges, the elimination of pancaked rates results in more of the costs of the transmission system being borne by the customers on the system where the transmission facilities are located. If the costs of the Transmission Infrastructure Program are allocated to the customers who use the Program facilities to obtain renewable energy, but those customers are exempted from paying for the pancaked costs of transmission on existing systems that are on the contract path between the generator and the load, the costs to customers on systems such as Basin Electric's system would increase as an indirect result of the Transmission Infrastructure Project. It is no more reasonable to raise the costs of transmission service for customers where the renewable generation is located by the indirect means of eliminating pancaking than it is to raise those customers' costs directly by allocating a portion of the Project costs to them.

V. WESTERN SHOULD EXTEND THE DEADLINE FOR SUBMITTING STATEMENTS OF INTEREST IN PARTICIPATING IN NEW TRANSMISSION PROJECTS UNTIL AFTER IT HAS ADOPTED A FINAL TRANSMISSION INFRASTRUCTURE PROGRAM.

While Basin Electric commends Western for its initiative in requesting comments on its proposed Transmission Infrastructure Program, Basin Electric is concerned that Western may be moving somewhat too quickly. Western's Notice of Availability of Request for Interest ("RFI") requests entities to propose constructing, financing, owning, operating or maintaining transmission projects in Western's service area by April 3,

2009 – the same date on which comments on the Notice of the Proposed Transmission Infrastructure Program are due. It is premature to propose specific projects in response to the RFI until the parameters on which the projects will be evaluated are finalized. If Western proceeds with the RFI without first finalizing the details of the Transmission Infrastructure Program, the proposals it receives will not address all of the criteria that ultimately are included in the Transmission Infrastructure Program. At best, the premature responses to the RFI will result in a delay in the process while proposals are re-tooled to meet the criteria of the Program. At worst, the premature submission of projects in response to the RFI will result in less-than-optimal proposals that fail to provide transmission service as efficiently and economically as would be the case if the projects are submitted after the Program is finalized. Therefore, Basin recommends that Western extend the date for submission of proposals in response to the RFI until the Transmission Infrastructure Program is finalized.

VI. CONCLUSION

Western's proposed Transmission Infrastructure Program is a critically important aspect of the United States' increased reliance on renewable energy. Western should modify the proposed Transmission Infrastructure Program to ensure that it enhances the country's ability to use renewable energy without adversely affecting the reliability or availability of transmission service on the existing transmission system. It also should adopt cost allocation principles that ensure that the cost of the Infrastructure Program, including the cost of upgrading the existing grid to accommodate the interconnection of the Infrastructure Program projects, is borne by the customers who purchase the energy

that is delivered over the new transmission facilities. Finally, Western should extend the deadline for the submission of Statements of Interest in response to its RFO until after it publishes the final version of the Transmission Infrastructure Program.

Respectfully Submitted,



Mike Risan
Senior Vice President - Transmission
Basin Electric Power Cooperative
April 3, 2009

From: Arthur Boone
To: <txprogram@wapa.gov>
CC: jim stewart,
Date: 3/8/2009 10:05 AM
Subject: Public Comment due April 3rd on Transmission Issues.

My name is Arthur Boone, I live at 2104 Acton Street, Berkeley, California 94702. I am a member of the Sierra Club but do not speak for the Sierra Club.

Last year a local non-profit, Bay Localize, determined that in one area of Oakland, if solar panels were placed on the rooftops of existing structures, they could generate 70% of the electrical power consumed in that area.

Many of us in the Club think that renewable electrical power should be generated small-scale locally rather than in large facilities that will sit atop virgin land. We believe that the investor owned utilities will encourage large scale projects in far-away places in order to keep the retail consumers of power dependent on their transmission lines rather than rely on locally-generated, interconnected power.

I hope the urban infrastructure can develop fast enough with this new technology to avoid massive over-investment in remote areas. Please keep this in mind as you proceed.

Thank you.

Arthur R. Boone



Laura J. Manz
Vice President, Market & Infrastructure Development

April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 28123
Lakewood, CO 80228-8213

Via email: txprogram@wapa.gov

Dear Transmission Infrastructure Program Administrator:

This correspondence is in response to the Western Area Power Administration's ("Western's") March 4 Notice of Proposed Program and Request for Public Comments regarding proposed practices and policies to implement authority granted in Section 402 of the American Recovery and Reinvestment Act of 2009. The purposes of this Section include construction, financing, planning, operating, maintaining or studying construction of new or upgraded power lines to deliver, or facilitate delivery of, power generated by renewable energy resources (*Federal Register*, Vol. 74, No. 41, pp.9391-93). The California Independent System Operator ("ISO") very much appreciates the opportunity to provide input on this important initiative.

Western, as its name connotes, is very much a regional organization with service territories in California and every other state in the Western Interconnection. Western's transmission practices and policies - and how they are implemented - are therefore of significant importance and interest to the ISO, which also represents a significant portion of load in the West, and to other entities in the region as well. In recognition of our clear mutual interests, the ISO encourages Western to join western policymakers and transmission stakeholders and become a full participant in ongoing state and regional planning initiatives aimed at ensuring that the bulk transmission system of the future is optimally planned in fulfillment of renewable portfolio standard, greenhouse gas and other important policy goals affecting the entire West.

The California ISO's 2009 Transmission Plan has recently been posted on the ISO website (<http://www.caiso.com/1ca5/1ca5d8334b920.html>). The plan, which was developed through a coordinated process compliant with the nine planning principles contained in the Federal Energy Regulatory Commission's Order 890, sets out a roadmap for 2009 that explicitly recognizes the importance of consistency with environmental policies going forward. We envision the 2009 plan as a partial foundation for important state and regional initiatives including a focus on renewable energy integration, and we see great value in working together with Western to support these initiatives.

The transmission program set forth by Western must recognize that the entire West faces significant challenges in meeting aggressive renewable energy and climate goals. The ISO has joined with the State of California and other entities in a major statewide initiative, the Renewable Energy Transmission Initiative ("RETI"). The RETI initiative was organized by state policymakers in 2008 to identify "Competitive Renewable Energy

Zones" ("CREZ") and develop an optimal statewide transmission plan to access those zones. The ISO is playing a significant role in the RETI planning effort, and we would be pleased to have Western's participation.

The groundbreaking RETI effort resulted in adoption of a resolution by the Western Governors' Association to prepare a similar plan for the entire Western Interconnection. This larger regional effort is known as the "Western Renewable Energy Zones" initiative, or "WREZ." Both the RETI and WREZ efforts are aimed at achieving the most cost-effective and least environmentally disruptive transmission system possible, recognizing that the state and region will best be served by minimizing the total number of transmission projects needed to reach state and regional renewable and climate change goals, while ensuring reliability, reducing congestion, and providing cost-effective service to customers. This, combined with the increasingly difficult task of siting transmission facilities in the many scenic or sensitive areas in our region, clearly warrants a strategic, thoughtful and holistic approach to planning our interconnected grid.

In terms of supporting integration of renewables, the ISO has a significant effort underway to evaluate the integration requirements created by different portfolios of renewable resources (by type of technology) and different levels of renewable resources as a percentage of California and regional supply. Our initial assessments suggest that such integration requirements – essentially the capability of other generation and non-generation resources to balance the variability of wind and solar generation on various time-frames (seconds, minutes, hours) through the use of the energy dispatch and ancillary services – can be better met through regional cooperation that can take full advantage of regional resource capabilities. There are also opportunities to plan for geographic diversity of renewable development across the West, so as to facilitate integration and minimize mismatches between supply and demand generally.

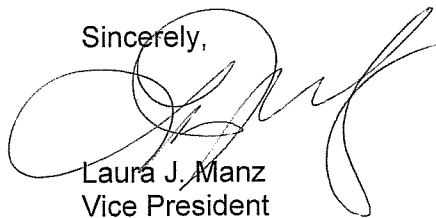
In the ISO's view, Western has a critical role to play in planning for renewable energy development in the West, and the Transmission Infrastructure Program offers a mechanism for participation in regional planning forums. We encourage Western to be actively involved in the ISO's ongoing planning as well as in the RETI and WREZ initiatives. We believe that Western's participation and spirit of cooperation are essential to identifying and planning for an optimal transmission system that recognizes regional interdependencies and respects regional environmental goals. The ISO would be pleased to work cooperatively with Western and others to pursue the best use of federal funds provided through the American Recovery and Reinvestment Act of 2009 for this purpose.

Western Area Power Administration
April 3, 2009
Page 3

We look forward to further developing ideas in connection with the Transmission Infrastructure Program and working with Western toward mutually beneficial transmission solutions.

Thank you for providing an opportunity to comment on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura J. Manz', written in a cursive style. The signature is positioned to the right of the word 'Sincerely,' and partially overlaps the typed name below it.

Laura J. Manz
Vice President
Market & Infrastructure Development

cc: T. Boyko
S. Chu
S. Rodgers
Y. Mansour
J. Detmers
T. Moreland



CITY OF FARMINGTON, NEW MEXICO
ELECTRIC ADMINISTRATION
Maude Grantham-Richards
Electric Utility Director
101 N Browning Parkway
Farmington, NM 87401
(505) 599-1165
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April 3, 2009

Mr. Timothy J. Meeks
Administrator
Western Area Power Administration

Via email: txprogram@wapa.gov

RE: Notice of Proposed Program and Request for Public Comments (74 FRN No. 41, March 4, 2009) ("Notice")

Dear Mr. Meeks:

The City of Farmington's Electric Utility appreciates the opportunity to comment on the above referenced Notice on the proposed Transmission Infrastructure Program (TIP) and support the comments provided by CREDA.

The Electric Utility provides service to approximately 45,000 customers in San Juan County, in Northwest New Mexico. The Electric Utility is a recipient of an allocation of Colorado River Storage Project power from Glen Canyon Dam, has been a long-term customer of the Western Area Power Administration and has an existing contract until 2024.

The Electric Utility looks forward to working with Western as the agency undertakes the new responsibilities and authorities afforded it by Section 402 of the American Recovery and Reinvestment Act of 2009 to ensure that our customers will not be financial impacted through their rates by the development of facilities that will not bring additional value to them.

The Farmington Electric Utility anticipates that renewable projects, especially solar in the western portion of the state since it is the #2 solar State in the Nation, will be developed. To maximize these projects for the benefit of other Western States, transmission will be an absolute necessity. These projects may be developed by utilities, independents or even States therefore we do want to ensure that accounting for the projects as they are planned, studied, developed, constructed, operated and maintained, will be charged properly so as to not impact any customers that are not beneficiaries of the resources being built.

We also want to bring attention to the fact that the FRN mentions ancillary services. Should those services be offered by Western in association with these new projects, we, as long-term beneficiaries of the hydroelectric generation, are not impacted in our resource and it is not used to offer “balancing” to these new intermittent renewable projects.

Furthermore, we would want to ensure that the offer of ancillary services in conjunction with the operation of the intermittent renewable resources does not impact Western’s ability to maintain its absolute strict adherence to FERC, NERC and WECC mandatory standards.

Any one of these items and others could substantially increase the cost of operation for Western and again, we want to ensure that these expenses throughout the life of the projects are born by those participants. Should we be one of the participants, we would anticipate paying our own way.

Thank you for the opportunity to comment and the Farmington Electric Utility looks forward to participating with Western as the policies, practices and procedures and the TIP are developed and implemented.

Sincerely,

Maude Grantham-Richards
Electric Utility Director
Farmington Electric Utility System

STATE OF COLORADO

PUBLIC UTILITIES COMMISSION

Ronald J. Binz, Chairman
James K. Tarpey, Commissioner
Matt Baker, Commissioner
Doug Dean, Director

Department of Regulatory Agencies

D. Rico Munn
Executive Director



Bill Ritter, Jr.
Governor

March 31, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Dear Sir or Madam:

We are pleased to submit written comments on the Transmission Infrastructure Program being proposed to implement Section 402 of the American Recovery and Reinvestment Act of 2009.

Section C (Policies and Practices) of the Request for Public Comments indicates that Western will be establishing additional factors to evaluate proposed projects as necessary, and that Western may, at its discretion, use outside expertise to assist in evaluating proposed projects seeking funding under Section 402 of the Act. This is the first area on which the Commission would like comment.

The Commission, like most state utility commissions, has significant experience and regulatory authority over the planning, development and implementation of transmission that is located within Colorado, interconnects Colorado with its neighboring states, or traverses the state. Colorado has a legislatively-mandated renewable portfolio standard, a legislatively-mandated transmission planning process, and a climate action plan developed by the Governor's office. Together, these laws and policies inform our state's transmission planning decisions.

As you can see, new transmission construction by Western will be welcomed in Colorado, and can complement our efforts to develop substantial renewable resources in our state. To that end, we propose that Western design a process that gives western state utility commissions a "seat at the table" in deciding which renewable transmission projects should receive funding under Section 402 of the Act. We encourage Western to work closely with the state regulators to determine which projects to fund so that results are complementary to state policies and result in the greatest regional benefits. To that end, we recommend that Western establish an advisory council of state public utility commissions for the purpose of actively participating with Western in the project evaluation process.

In the alternative, Western should request that state utility commissions provide written comments on proposed projects seeking funding under Section 402 of the Act and accord these

1560 Broadway, Suite 250, Denver, Colorado 80202, 303-894-2000

www.dora.state.co.us/puc
TTY Users 711 (Relay Colorado)
Permit and Insurance (Outside Denver) 1-800-888-0170
Consumer Affairs 303-894-2070

Fax 303-894-2065
Transportation Fax 303-894-2071
Consumer Affairs (Outside Denver) 1-800-456-0858

comments substantial deference in its decision making. At a minimum, Western should solicit written criteria from state utility commissions for prioritization and evaluation of proposed projects.

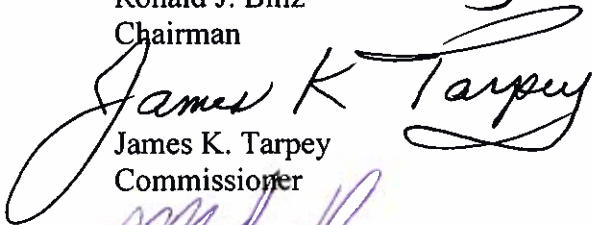
Further, the summary provided in the Federal Register and in Section 402 of the Act announces that one of the purposes of the Transmission Infrastructure Program is *studying* the construction of new or upgraded electric power transmission lines and related facilities. We would like to inquire how Western intends to evaluate any requests for studies of construction projects. Will the same criteria as those listed in Section IV of the Federal Register be applied in selecting which studies to fund? If not, then how does Western intend to prioritize and ultimately choose which studies to fund?

We hope that these comments are helpful in establishing Western's policies and procedures for the evaluation of proposed projects. Please do not hesitate to contact any of the Colorado Commissioners or Dr. Larry Shiao of the Commission Staff at (303) 894-2877 or larry.shiao@dora.state.co.us if you have any questions or if we can assist you in any way.

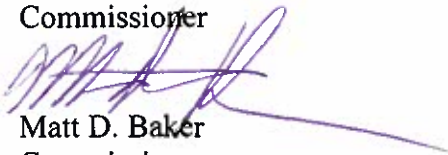
Sincerely,



Ronald J. Binz
Chairman



James K. Tarpey
Commissioner



Matt D. Baker
Commissioner



CEDAR RAPIDS, IOWA
VERMILLION, SOUTH DAKOTA

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO
80228- 8213

March 25, 2009

To Whom It May Concern:

Intertribal Council on Utility Policy, Dakota Resource Council, Native Action, Plains Justice and Western Organization of Resource Councils write to request an extension to the thirty (30) day comment period and additional opportunities for public hearing on WAPA's Notice of proposed principles, policies and practices for a Transmission Infrastructure Program. Notice was published in the March 4, 2009 Federal Register (Vol. 74, No. 41, p. 9391) and the public comment period closes April 3, 2009. A single public hearing was held March 23, 2009 at WAPA's controlled access facility in Lakewood, CO.

Because WAPA covers an enormous geography served by many small nonprofit and community organizations representing farming, ranching, hunting, conservation, tribal and other interests that will be affected by new or upgraded electric power transmission lines and related facilities, greater opportunity for public input on a program of this magnitude is appropriate. Many of these organizations would like to comment on the proposed action and principles, or at least have a more convenient opportunity to ask questions, but have limited resources.

At a time when many of our members are busy with calving or other urgent seasonal matters and had not anticipated the request for comments, 30 days is a very short deadline. For organizations that meet only once a month, it is nearly impossible to respond on this timeline. We believe that maximizing public involvement at this early stage in the transmission planning process will improve the process, maximize the utility of expanded transmission infrastructure for all potential users, and decrease opposition to eventual site-specific proposals. The public interest would therefore be served by an expanded public comment period and additional public hearings.

It would also be very helpful to have more than one opportunity for public hearing, including broader public notice of hearing dates and times, freely available and advertised opportunities to participate by phone or internet, and hearings held at sites that are open to the public. We therefore request a sixty (60) day extension and suggest a new public comment deadline of June 5, 2009. We further request additional public hearing opportunities during an

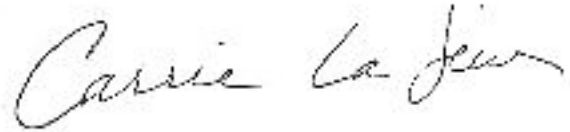
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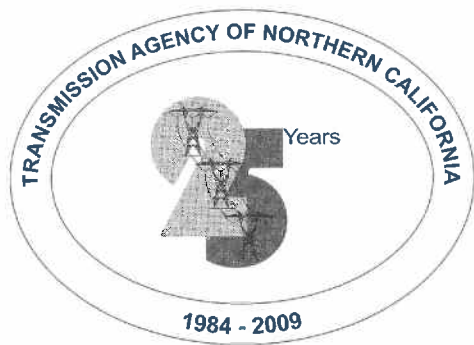
extended comment period, particularly in any areas under WAPA jurisdiction with a higher than average probability of new or expanded transmission siting, and expanded public notice and accessibility for the additional public hearings.

Thank you very much for your time and attention to this matter.

Sincerely yours,

A handwritten signature in cursive script that reads "Carrie La Seur". The signature is written in black ink and is positioned to the right of the typed name.

Carrie La Seur
President & Founder



TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

P.O. Box 15129, Sacramento, CA 95851-0129 (916) 852-1673

**Comments of the
Transmission Agency of Northern California
In Response to the Western Area Power Administration's
Request for Public Comments on a
Proposed Transmission Infrastructure Program**

April 3, 2009

The Transmission Agency of Northern California (TANC) is pleased to provide these comments to the Western Area Power Administration (Western) in response to Western's Request for Public Comments on a proposed Transmission Infrastructure Program (Program).

TANC is a California joint exercise of powers agency organized under the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, and a Joint Powers Agreement dated as of December 10, 1984. TANC's Members include the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, the Modesto Irrigation District, the Turlock Irrigation District, the Sacramento Municipal Utility District, and the Plumas-Sierra Rural Electric Cooperative.

TANC is the largest participant in, and the Project Manager of, the California-Oregon Transmission Project (COTP), a \$430 million, 339 mile, 500-kilovolt (kV) transmission project extending from just north of the California-Oregon border to central California. Specifically, the COTP interconnects with the Bonneville Power Administration (BPA) at the BPA Captain Jack Substation in Southern Oregon; and with Pacific Gas and Electric Company (PG&E) in California at the PG&E Tesla Substation near Tracy, and the PG&E Los Banos Substation near Los Banos. Between 1984 and 1993, TANC and Western collaborated on the planning, design, permitting, and construction of the COTP. Western has performed as the operations and maintenance contractor for the COTP since commercial operation began on March 17, 1993.

Recently, TANC initiated the Public Scoping process for the TANC Transmission Project (Project or TTP), a proposed series of both 500-kV and 230-kV transmission line segments, which will span nearly 600 miles in northern California, improving the reliability of northern California's electric system and providing access to planned renewable generating resources in this region. TANC has rigorously studied the TTP, including the issuance of a Request for Information to renewable energy resource developers, dated May 9, 2008, that resulted in the

A Public Entity whose Members include:

Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Modesto Irrigation District,
Palo Alto, Plumas-Sierra Rural Electric Cooperative, Redding, Roseville,
Sacramento Municipal Utility District, Santa Clara, Turlock Irrigation District, Ukiah

identification of significant levels of planned renewable energy resources within northern California and northwestern Nevada, regions to and/or through which the TTP is planned for development. Necessary environmental processes related to the TTP are being completed in cooperation with Western, as the TTP's lead federal agency, to ensure consistency with applicable requirements of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). The Scoping Process provides an opportunity for public comment on relevant environmental issues and alternatives that should be addressed in a Joint Environmental Impact Report/Environmental Impact Statement (EIR/EIS) that TANC and Western will prepare for the TTP.

The western United States and California energy crisis of 2000 and 2001 can be attributed to various causes, but a major component of that crisis was insufficient energy infrastructure. Over the past five years, many of TANC's Members and other public power agencies have embarked on ambitious generation resource additions. Unfortunately, California and the Western Interconnection are not "out of the woods" and additional energy infrastructure including generation, transmission, and gas pipelines are required to ensure future reliable delivery of electricity to the energy consumers in the Western Interconnection. TANC is strongly encouraged that Congress included Section 402 in the Recovery Act and believes that Western's implementation of an effective Transmission Infrastructure Program is a critical step required to overcome transmission infrastructure deficiencies within the Western Interconnection and to promote the development of renewable energy resources throughout the western United States.

TANC has reviewed the proposed Program, as outlined by Western in the Federal Register, and generally agrees with the principles and programmatic elements described therein. In addition to these considerations, TANC has identified several other principles that ought to be addressed in developing Western's Program. These principles have been drafted to emphasize the importance of collaboration, advanced planning, multi-regional development, and procedural flexibility in Western's Program by providing funding priority to projects that have actively addressed these considerations. In particular, TANC believes that Western should consider including the following specific principles/provisions in its Program:

- Transmission projects that are currently undergoing development activities should receive funding priority as Western administers the allocation of initial stimulus monies.
- Transmission projects that have completed necessary sub-regional planning efforts should receive stimulus funding priority.
- Western should favor direct participation in transmission projects that have completed necessary sub-regional planning efforts.
- Transmission projects that have initiated requisite environmental processes, such as NEPA, should receive stimulus funding priority.
- Western should favor direct participation in transmission projects that have initiated requisite environmental processes.

- Western should limit the distribution of stimulus funding for individual transmission projects to an amount between 10 percent and 40 percent of total project costs, which will allow Western to stimulate development for a larger number of proposed projects.
- Western should attempt to fund transmission projects within the respective jurisdictions of each of its regional offices.
- Transmission projects that clearly identify preferred partnering structures should receive stimulus funding priority.
- Similarly, transmission projects that clearly identify multiple partner options should receive stimulus funding priority.
- Procedural flexibility should be included within Western's Program principles to ensure that region-specific planning considerations and issues can be addressed in evaluating individual projects.
- Any business-sensitive, project-specific information provided to Western by participating/commenting entities should be treated as confidential to the extent reasonable and practical.
- Western should carefully consider the imposition of any eligibility restrictions with respect to proposed transmission projects.
- TANC strongly supports Western's goal of leveraging its borrowing authority by encouraging non-Federal project participation.

TANC believes that the inclusion of such principles and/or provisions will help qualify highly viable projects, will promote collaboration among prospective participants and/or developers, will increase the number of projects supported with available stimulus funding and will provide Western with an appropriate level of flexibility in administering this process. TANC is encouraged by Congress' recent actions and the efforts to date by the Department of Energy to address deficient energy infrastructure in the Western Interconnection. TANC recognizes that the Recovery Act represents a momentous opportunity to correct these deficiencies, improve overall system reliability, and increase access to renewable energy resources throughout the western United States. TANC believes that coordinated participation by the federal government is critical to successful development of transmission projects in the Western Interconnection (Western is a participant in the COTP, Mead-Phoenix, and Mead-Adelanto transmission projects).

TANC appreciates Western's consideration of its proposed principles and/or provisions for the Transmission Infrastructure Program. TANC is willing and able to meet with Western staff and management to discuss our proposed projects and how we may be able to assist Western in developing and implementing its Transmission Infrastructure Program. As the Project Manager for the planning, development, land acquisition, construction, and operation and maintenance of the COTP, TANC has significant experience in working with multiple agencies and stakeholders to not only plan transmission projects but also to see them built and become part of the solution to a reliable electric grid in the Western Interconnection.



EAST RIVER
ELECTRIC POWER COOPERATIVE

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Madison, SD 57042

P.O. Box 227
Telephone (605) 256-4536

April 3, 2009

Tim Meeks, Administrator
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Dear Administrator Meeks:

East River Electric Power Cooperative, Inc. (East River) offers this letter as comment to the Western Area Power Administration's (Western) Federal Register Notice (FRN), (dated March 4, 2009, pp.9392-9393) concerning implementation of Western's new transmission loan or construction authority.

East River is a wholesale electric power supply cooperative which provides twenty rural electric cooperatives and one municipal electric system transmission and power supply services. These twenty-one non-profit retail electric providers, which collectively own East River, serve about 90,000 residential, commercial and industrial accounts affecting approximately 250,000 consumers in eastern South Dakota and western Minnesota.

East River and its member owners rely on and hold contracts with Western for access to affordable and reliable bulk power supply from the Pick Sloan hydro electric system and transmission service from the jointly owned and Western operated Integrated (transmission) System.

We offer the following comments:

1. Schedule: The schedule set by Western for implementing this new transmission authority is unrealistic. We request Western extend the comment period, or in the alternate, provide a second "round" of comments after this comment period closes. We note Western has provided little substantive indication in this FRN as to how it intends to proceed. Reciting the legislative language of Section 402 in the FRN is not a reasonable substitute for a well constructed and thoughtful implementing proposal.

2. Core Mission: Western must develop implementing procedures for this authority which do not jeopardize its legacy statutory responsibility to provide cost based power supply and transmission service to non-profit utilities, state agencies, Native American tribes, and others within the Pick Sloan Missouri Basin Program. Specifically, Western must demonstrate in its implementing framework that i) existing and future transmission service reliability, access and costs for its core mission customers, including East River are not compromised or threatened; and ii) the hydroelectric power supply resources marketed by Western to its “core mission” customers are not compromised or threatened.
3. Eminent Domain: As part of its implementing procedures, Western should not transfer or proxy the use of federal eminent domain to third parties for construction of facilities which may arise from this new authority.

We appeal to Western to allow adequate time and give primary consideration to its ‘core mission’ obligations to the region’s preference customers in developing a thoughtful, reasoned and practical approach to implementing this new authority. Lacking such a commitment, we believe Western may put at risk essential power supply and transmission delivery requirements for the millions of current end use consumers, including those served by East River and its member systems, which depend contractually and operationally on Western.

Thank you for considering these comments.

Sincerely,



Jeffrey L. Nelson
General Manager

JLN/ts



EDISON ELECTRIC INSTITUTE

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www.eei.org

April 3, 2009

Mr. Timothy Meeks
Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Dear Mr. Meeks:

The Edison Electric Institute (EEI), on behalf of its member companies, appreciates the opportunity to submit comments on Western Area Power Administration's (WAPA), Transmission Infrastructure Program (TIP) as proposed in the Federal Register Notice dated March 4, 2009.

EEI is the trade association for shareholder-owned electric companies and serves international affiliates and industry associates worldwide. Our U.S. member companies serve 95 percent of the ultimate customers in the shareholder-owned segment of the industry and nearly 70 percent of all electric utility customers in the nation. EEI members own approximately 60 percent of the nation's circuit miles of transmission. EEI membership includes vertically-integrated and stand-alone utility business models.

The American Recovery and Reinvestment Act of 2009 (ARRA) in section 402 provides borrowing authority to WAPA for the purposes of:

“constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by the Western Area Power Administration; and delivering or facilitating the delivery of renewable energy resources constructed or reasonably expected to be constructed”

EEI is encouraged by WAPA's extension to non-federal utilities of an opportunity to participate in the development of WAPA's Transmission Infrastructure Program. EEI is providing these comments to WAPA to help it prioritize their policies to facilitate the use of WAPA's new borrowing authority to build transmission, as set forth in the ARRA.

EEI Members are Committed to Making Needed Transmission Investment

EEI members understand the need to build additional transmission to provide access to renewable resources, ensure reliability, meet load growth, as well as other important goals. EEI members have made and continue to make significant investments in

transmission. EEI statistical data shows that since 2000 EEI members have almost doubled their annual investments in transmission, from \$4.6 billion in 2000 to an estimated \$8.8 billion in 2008. EEI members look forward to continuing these efforts and to partnering with WAPA on projects where appropriate.

EEI Recommends WAPA's Transmission Infrastructure Program Support Joint Participation with Share-Holder Owned Utilities

EEI members can bring to WAPA operational, planning, construction and financial expertise to facilitate building interstate transmission facilities. Public/private partnerships to develop needed transmission facilities will help leverage federal funding and expand the number of projects that can be financed with WAPA's borrowing authority. ARRA gives WAPA the authority to finance and construct transmission facilities outside of its current area of service. EEI members bring extensive knowledge of how such systems can be enhanced through such partnerships. WAPA can use its siting authorities to facilitate these projects.

Given the large amount of planned transmission investment that is already proposed in the Western United States, we believe it is important that the WAPA funds are used to construct transmission infrastructure that is not otherwise under development and in areas where utilities are unable to undertake the necessary investment. WAPA should also use this borrowing authority to make needed enhancements and upgrades to existing WAPA facilities.

EEI Requests Clarification Regarding WAPA's Proposed Financing and Ownership of Projects

EEI members seek greater clarity concerning WAPA's proposed cost, financing, and ownership structure for projects using funds made available through the borrowing authority. EEI believes that in developing the financing and ownership structure for partnership projects, WAPA should be open to a variety of financing and ownership structures proposed by potential partners. The financing structure should assure investors that WAPA provides a mechanism that will allow for reasonable recovery of their investments.

EEI Recommends WAPA's Transmission Projects Fit within Existing Planning Processes

EEI recommends that to provide greater regulatory certainty and avoid the creation of another planning layer, transmission projects built under WAPA's borrowing authority fit within, or coordinate with, existing planning processes. Coordination among existing RTO/ISO, regional, state, FERC, and other planning efforts ensures that there are no conflicts with existing commitments. Coordination among planning bodies also assures that all parties involved adhere to the same rules, preventing any interconnection

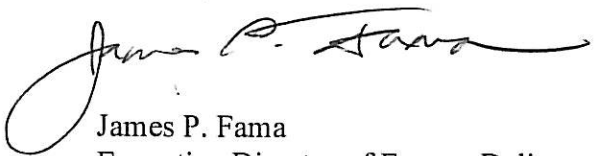
problems that would cause disturbances in reliability of the grid. EEI also recommends that WAPA give deference to projects that have gone through regional planning process and have broad stakeholder support. Through these efforts, WAPA can determine funding for projects does not interfere with or duplicate existing projects being constructed by another transmission owner or operator.

Conclusion

EEI members are leading major efforts to construct needed facilities and remain committed to build necessary transmission to help the Nation meet its energy goals. Given the scope of the development needed, it is necessary for both the public and private sectors to work together to help facilitate delivery of renewable resources. EEI members are extremely encouraged by WAPA's efforts to include non-Federal participation and look forward to joint-participation and coordination with WAPA.

We appreciate the opportunity to submit these comments and look forward to your response.

Sincerely,



James P. Fama
Executive Director of Energy Delivery
Edison Electric Institute
701 Pennsylvania Ave, NW
Washington, DC 20004
202-508-5000



April 3, 2009

**COMMENTS
WESTERN AREA POWER ADMINISTRATION
Implementation of Transmission Project Bonding Authority**

Federal Register notices: Notice of Proposed Program and Request for Public Comments, and Notice of Availability of Request for Interest (FRN), March 4, 2009

Heartland appreciates the opportunity made available by Western Area Power Administration (WAPA) to comment on a proposed Program for implementation of transmission project bonding authority provided by the American Recovery and Reinvestment Act of 2009 (Recovery Act). This authority is for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by WAPA and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed. The proposed Program would use new authority provided by the Recovery Act to borrow funds from the U.S. Treasury to accomplish these purposes. The Recovery Act also directs WAPA to use a public process to develop practices and policies that implement this new authority.

This new authority provides an opportunity for WAPA and its Integrated System (IS) partners, Basin Electric Power Cooperative and Heartland, as well as others, to add or upgrade IS and other regional transmission facilities. These projects could facilitate the delivery of renewable resources to consumers, improve reliability and meet load growth. In addition, this new authority could also improve a flawed planning and siting process for interstate transmission projects as WAPA brings a federal perspective to state and regional planning organizations.

With over 7,000 miles of transmission in the IS Heartland has a critical stake in the development of new transmission under WAPA's new authority and the treatment of WAPA's existing transmission system in relation to these activities.

Implementation of this new authority also presents many challenges to WAPA to preserve its core mission of delivering renewable federal hydropower to its firm power customers and ensuring that the rates paid by those customers are not adversely impacted going forward.

The Notice of Proposed Program and Request for Public Comment restates the statutory language, with one exception, noting that WAPA will favor prospective partners bringing some financing to a proposed project. Beyond these general statements, WAPA's customers have no information on the proposed implementation of this program. The public meeting held by WAPA on March 23rd did not provide any further information or program description.

Project Development, Operations and Maintenance: WAPA should develop a transparent process for new projects under this authority. This process would:

- Provide opportunity for additional participation by other parties;
- Assure separation of new project costs from WAPA's existing transmission systems; and
- Assure protection of WAPA's existing transmission system and its users – both financial and operational.

WAPA notes that it will consider projects under this new authority separately from its responsibilities under its Open Access Transmission Tariff (OATT); and will give higher priority to these new projects than its current OATT responsibilities or related interconnection agreements.

Heartland strongly disagrees that WAPA's newly authorized activities should take precedence over WAPA's existing obligations. Such a policy sends a clear signal that WAPA is ready to displace its core mission to secondary importance as it implements the new authority. It also appears that WAPA may be willing to sacrifice reliability and system performance. The new projects must not degrade the existing system or supplant other needed system improvements, maintenance, or replacements.

Project Funding and Evaluation: Funding is the first identified element in the proposed program. We are confused as to how WAPA would fund a project without having made an evaluation of the project. Project funding should necessarily come after Project evaluation.

As written, the *FRN* states that the only standard for selecting projects for funding is, "the reasonable likelihood that the project will generate enough transmission service revenue to repay the principal investment, all operating costs and the accrued interest." How are replacement costs to be addressed in the revenue requirements for the new projects?

In lieu of selecting projects solely on the basis revenue generation, why not first consider projects needed to enhance reliability, mitigate constraints, or improve load serving capabilities? Without adequate evaluation, new projects could degrade system reliability and cause more system overloads.

There is unclear language in the *FRN* on financial repayment expectations. Heartland's customers pay a cost-based rate that fully repays federal costs. Is it WAPA's intent to use a different rate structure for transmission projects constructed under this authority?

There is general language that WAPA will isolate costs associated with projects funded under this authority. Project costs must not only be isolated, but also specifically assigned to the rate and repayment responsibility of those using the new project.

The standards to be used in evaluating projects restate the statutory language. The evaluation by WAPA must assure that new projects first meet three important tests:

1. No adverse impact on transmission rates for existing IS customers;
2. No adverse impact on existing IS operations or reliability; and
3. No adverse impact on services to WAPA's firm power customers.

WAPA does not define the term “in the public interest.” A definition of “public interest” should include:

- Enhancing system reliability and performance
- Minimal or no environmental impacts;
- Limiting rights-of-way requirements;
- Minimizing use of federal eminent domain authority;
- Siting to allow interconnection of multiple generation projects, including both renewable and conventional base load projects;
- Upgrade existing facilities where feasible; and
- All projects should provide a positive cost/benefit

WAPA states that revenue from a new project should be adequate to meet its repayment obligations. This revenue should not include payments from a third party that may own portions of the new project -- “proceeds” should not include revenue from a project participant that reduces WAPA’s need to use its borrowing authority.

WAPA states that it will establish additional evaluation factors as necessary. The absence of detail in the *FRN* suggests the need for a public process for developing any additional evaluation factors.

Project Rates and Repayment: This section does not include the statutory language that states: “Revenue from the use of projects under this section shall be the only source of revenue for – (A) repayment of the associated loan for the project; and (B) payment of expenses for ancillary services and operations and maintenance.” Heartland believes that WAPA must clarify its intent to follow this clear language of the statute.

This last section also references WAPA setting transmission rates, but does not limit that description to new projects. Heartland objects to costs or rates for new projects being bundled with other WAPA transmission actions.

In the Upper Great Plains, WAPA has built and operates a robust transmission system that existing users have been paying for over several decades. It would be patently unfair for the existing users to pay for new facilities for which they receive little or no benefit, and allows a third party to receive the benefits. The new statute is clear where the *FRN* is not: WAPA’s firm power customers are not to be held responsible for costs of new projects that participants are unable or unwilling to pay. This language also ensures that no appropriations may be used to pay for project loans that are in default – the statute makes very clear that these loans are to be “forgiven”.

WAPA must keep the costs separate for new projects that are isolated or benefit a few users, including establishment of repayment zones for these new projects. Users of the new facilities would necessarily pay the costs, either as an adder to the tariff rate or as a drive-out cost charge to the existing WAPA system. If the new project can be shown to have a region wide benefit, the costs could be included in the tariff.

Transparency is critical in implementing the new authority. In light of the lack of detail in the *FRN*, as well as the many issues noted in our comments, this public input opportunity should not be the end of the public process in implementing this authority. Heartland believes that WAPA should continue the public process, providing further opportunity for comment and interaction with customers, and other interested parties.

By following this path WAPA has an opportunity, working with its customers and others, to implement a win-win Program that could provide system benefits and meet the objective of the statute to facilitate delivery of renewable resources to consumers.

Heartland Consumers Power District is a non-profit public corporation headquartered in Madison, South Dakota. Heartland provides power to municipalities and state institutions in South Dakota, Minnesota, and Iowa from a diversified mix of resources. Most of Heartland's customers hold WAPA allocations, including the South Dakota state agencies.

Submitted by:

Mike McDowell, General Manager & CEO

Email: mmcdow@hcpd.com



April 3, 2009

**RESPONSE TO
WESTERN AREA POWER ADMINISTRATION
Request for Interest in Transmission Projects**

Federal Register notices: Notice of Proposed Program and Request for Public Comments, and Notice of Availability of Request for Interest (*FRN*), March 4, 2009

Heartland Consumers Power District ("Heartland") is hereby providing a response to the Western Area Power Administration's ("Western") Request for Interest Regarding Constructing, Financing, Facilitating or Studying Construction of New or Upgraded Transmission Facilities to Deliver or Facilitate Delivery of Renewable Resources ("RFI"). Heartland also provided comments on Western's proposed Transmission Infrastructure Program and the principles and objectives that Heartland believes should be considered in the implementation of Western's new authority.

Heartland is providing this response in support of several transmission infrastructure improvements that could be considered in a regional planning process to deliver clean domestic energy to load centers in our region and to permit the export of energy to load centers in other regions. As indicated in our comments on the Transmission Infrastructure Program, Heartland believes that the final Transmission Infrastructure Program should be adopted prior to evaluation of transmission facility proposals.

Heartland is submitting this response in support of transmission projects proposed by Basin Electric Power Cooperative ("Basin") in their April 3, 2009, Statement of Interest concerning Western's Request for Interest in Transmission Projects. In their Statement of Interest, Basin proposes several projects that would enhance the capability and reliability of the transmission system in the Dakotas and allow the export of clean energy to load centers within the Midwest ISO, PJM and the Southwest Power Pool.

Areas in South Dakota and North Dakota have been identified as having the best wind-resource potential in the United States. Thousands of mega-watts of wind interconnection requests are currently being evaluated or waiting to be evaluated by transmission providers in the region. The lack of transmission capability is the greatest impediment to the progress of these renewable projects. The proposed transmission infrastructure improvements would facilitate the development of many of the proposed renewable projects.

Although Heartland does not operate or maintain transmission facilities, Heartland could partner in the planning, development and financing of the proposed transmission infrastructure improvements.. The proposed improvements would be

owned by the existing transmission owners in the area and would be operated by Western, providing for efficient and reliable operation of the facilities.

Heartland Consumers Power District is a non-profit public corporation headquartered in Madison, South Dakota. Heartland provides wholesale power to municipalities and state institutions in South Dakota, Minnesota, and Iowa from a diversified mix of resources. Heartland's transmission facilities are interconnected with Western's facilities in the Integrated System, the transmission system jointly owned by Western, Basin and Heartland in the Upper Great Plains Region.

Submitted by:

John Knofczynski, Manager of Engineering and Operations

Email: johnknof@hcpd.com



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Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Via email: txprogram@wapa.gov

April 3, 2009

Re: Notice of Proposed Program and Request for Public Comments regarding the implementation of section 402 of the American Recovery and Reinvestment Act of 2009. 74 Fed. Reg. 9391—9393 (Mar. 4, 2009).

Dear Sir or Madam:

On behalf of Horizon Wind Energy LLC (“Horizon”), I am pleased to submit comments on Western Area Power Administration (“Western”)’s proposed implementation of section 402 of the American Reinvestment and Recovery Act of 2009.

Horizon develops, constructs, owns and operates wind farms throughout North America. Based in Houston, Texas with over 25 offices across the United States, Horizon has developed more than 2,500 megawatts (MW) and operates over 2,200 MW of wind farms. Horizon is owned by EDP Renováveis S.A. (“EDPR”), a global leader in the renewable energy sector that designs, develops, manages and operates power plants that generate electricity using renewable energy sources. Energias de Portugal, S.A. (“EDP”), the parent company of EDPR, is a vertically-integrated utility company, headquartered in Lisbon, Portugal. Through its various constituent businesses, EDP holds significant electricity and gas operations in Europe, Brazil, and the United States.

As a major stakeholder in any policy regarding wind energy, Horizon is an active participant in the development of local, state, regional, and national policies across the U.S. Horizon is actively developing projects across the country and supports the creation of a robust, fully interconnected smart grid. Horizon appreciates the opportunity to comment on Western’s Transmission Infrastructure Program (the “Program”).

Horizon believes the Program can be a critical tool to develop transmission and integration products that cross utility and state boundaries to access renewable resources.

Program Principles

We applaud Western for establishing a program with underlying principles that provide for an open process, support projects that are in the public interest, and facilitates the connection of renewable energy resources to the grid. However, we believe that the Program's success is equally dependent on Western using its new authority to lead the region in developing a robust, fully-interconnected transmission grid and in coordinating regional collaboration on innovative and pro-active integration solutions.

Program Development

It is essential that Western create a participatory forum for stakeholder involvement. This scale of effort will require a broad level of regional participation and buy-in by multiple entities. Frequent stakeholder forums will allow for the sharing of information, insight and experience as well as lead to the creation of a broad-base of support for the Program.

We are concerned that while developing this critical Program, Western is at the same time soliciting "Requests for Interest" (RFI). At the public meeting on March 23, 2009, Western officials stated that the Program will be permanent. As such, care should be taken in developing the scope, guidelines and parameters of the Program from a regional perspective. Only after the broader intent and scope of the Program has been established can specific projects be evaluated as to how they do or do not support the Program's mission and the needs of the region.

Soliciting RFIs with the same deadline for submitting comments on the actual program guideline is premature and unnecessary. We suggest that Western first develop the Program in an open and participatory forum and then evaluate project proposals in a timely fashion. Simultaneously processing information on both the proposed program and potential will result in project proposals influencing the development of the program itself. Ultimately, a well-designed renewable energy transmission program in place will result in Western being able to quickly evaluate and approve projects in the future.

Interconnection-wide Transmission Planning

Pro-active, long-term, interconnection-wide transmission planning is critical to support the emergence of a new green energy economy and will be a critical component of the Program. Location-constrained renewable resources require this sort of coordinated effort to develop

effective and efficient strategies to deliver green power to the growing markets which demand them to fulfill state Renewable Energy Standards and to address future carbon values.

Historically transmission planning has been the focus of discrete balancing authorities regulated by state regulators. Their transmission needs are inward looking and has resulted in an incremental, isolated and and inefficient transmission system. Western must support transmission planning that:

- Is interconnection-wide and builds on the efforts of the Western Governors Association, TEPPC, Westconnect, NTTG, Columbia Grid and the Joint Initiative, Upper Midwest Transmission Development Initiative, and the Joint Coordinated System Plan (the SPP, PJM, MISO, TVA effort).
- Accommodates generation resources that are locationally constrained.
- Includes maximum renewable generation development scenarios assuming export from high wind and solar areas.
- Promotes financing approaches that solve the 'chicken and egg' problem.
- Promotes broad, regional cost-allocation approaches that do not unduly impact resource host ratepayer, but also shift cost to end users in rapidly growing load-centers.

A robustly-interconnected western-grid will not only provide delivery paths linking renewable generation to load and market centers, it will be more reliable and also allow for increased transfers between control areas allowing for the sharing of regulating resources, seasonal exchanges and supports the creation of flexibility services markets.

Control Area Coordination

The Program must also contemplate the coordination of regional grid operations for reliability, efficiency and renewable energy objectives. Numerous studies indicate that integration costs are significantly reduced in large balancing areas. Larger balancing areas provide a larger pool of flexible resources that can be used to accommodate variations in generation and load. Given the large territory Western spans, it is in an excellent position to facilitate coordination activities among transmission operators resulting in virtual or actual control area consolidation. Western should:

- Encourage pooling and aggregation of variable energy resources over broad regional areas to reduce the total reserve obligation.
- Encourage regional participation in Area Control Error Diversity Exchange (ADI).
- Promote regional flexibility services markets.

- Explore the acquisition of third party supplied regulation from entities willing to provide such services, including variable generators.
- Eliminate pancaked transmission charges.

The Program should include initiatives to leverage the daily and seasonal differences among the regions utilities and allow access to a supply of low-cost flexibility, leverage geographic differences in resource diversity, ultimately allowing more systems to effectively and efficiently interconnect variable renewable resources.

Regional Renewable Integration Plan

In order to achieve high levels of renewable generation interconnection, Western should create a stakeholder committee that would review Western’s present business and operating practices and develop recommendations and specific action items to address the various economic and technical aspects of integrating variable renewable resources. The development of a regional renewable integration plan should be a top priority of the Program and should take advantage of the large body of work that exists on these issues. Again, given the importance of the regional renewable resource integration plan, the plan should be subject to a robust and participatory public stakeholder process.

In addition to the regional transmission planning and control area activities described above, the Program should contemplate the following integration initiatives:

- The development of ‘smart’ transmission products such as:
 - Dynamic Line Rating
 - Conditional Firm and other transmission products suited to the delivery of renewable energy such as an energy transmission product
 - Intra-hour transmission scheduling business practice
- Intra-hour scheduling business practices.
- Regional wind forecast service.
- Development of storage technologies including pumped hydro and compressed air.
- Development of smart grid technologies that will enable load dispatch.
- Cost-efficiencies of using Western’s hydro resources for regulation rather than load service.

Near-Term Initiatives

Unlike the construction of new transmission facilities that will require years to study, design, procure and construct, several integration initiatives could be implemented very quickly which would stimulate the construction of billions of dollars of new wind farms and other renewable energy sources. The Program should consider promoting the following products, services and

practices at the regional level in order to more quickly and cost-effectively integrate renewable resources at a lesser impact to the hosting control areas.

Dynamic Line Rating: Some of the most optimal wind resources in the U.S. are located within Western's transmission system area. Western can maximize its ability to move these abundant resources across its existing assets by increasing its ratings of transmission lines in real time. Western can accomplish dynamic line ratings by:

- Installing dynamic line rating devices (such as the CAT1) on congested lines.
- Increasing SCADA monitoring to allow operation closer to physical limits.
- Reconductoring congested lines with advanced conductors, including composite conductors and other technologies, to increase continuous and contingency ratings.
- Using FACTS devices for both real and reactive power control to increase stability and/or control flows to increase overall throughput and reduce congestion.

Conditional Firm Transmission Service: Western should develop and encourage regional use of a conditional firm transmission product. This product would allow renewable energy developers to better utilize existing capacity on existing transmission systems. This would allow the immediate addition of several hundred new MW of renewable energy, if not more, onto the system. BPA has developed a very good Conditional Firm Transmission Product which we would suggest Western emulate. It includes several key elements including: a cap on curtailment hours which allows developers to manage and model risk, roll-over rights, firmed on a monthly basis if monthly short term firm is available, etc.

New Transmission Products: Western should develop and encourage the use of an energy-based transmission product for wind energy similar to network transmission service. Wind is an energy resource and using a transmission product based on energy delivered rather than capacity would be much more efficient. Western should actively support products that allow for the full and efficient use of the transmission grid.

Regional Wind Forecasting: Central forecasts for the entire wind fleet are more accurate and more useful to the power system operator than multiple forecasts for individual wind projects. The integration of accurate rapid-update wind generation forecasts into system operating procedures can assist in developing more accurate wind generation schedules, reducing reserve obligations. NYISO has developed a wind forecasting system that we would suggest Western emulate at a regional level. Forecasting program components should include:

- Forecast wind events as well as hourly energy.
- Provide an incentive mechanism for generators to provide data from plants.
- Contract neutral third party (such as Windlogics, 3 Tier, etc.) to collect data to avoid conflict of interest.

Intra-hour scheduling: Western should adopt business practices that would allow variable generators to adjust their schedules within the hour on a five or ten minute basis. Intra-

hour scheduling dramatically reduces the cost of integrating wind. Wind output tends to be fairly constant over these shorter intervals - greatly reducing the need to hold regulating reserves. The Joint Initiative in the Northwest is currently developing boiler plate business practices for both intra-hour generation scheduling and intra-hour transmission scheduling.

Project Evaluation Criteria

As Western evaluates the specific Transmission Project Proposals it receives in response to its RFI, whether they are evaluated at this time or at a later date after the program has been fully developed as we suggest, Western should be careful in the criteria it uses to evaluate the effectiveness of projects in specifically encouraging the development of renewable resources. We applaud Western for developing criteria for evaluating proposals to ensure that they facilitate the delivery of renewable energy, are in the public interest, promote system reliability, and are likely to meet repayment obligations. 74 Fed. Reg. at 9393.

We encourage Western to consider supporting projects that will also have the additional benefits of 1) creating access between transmission constrained high renewable resource areas and markets, and 2) increasing the connectivity of the western interconnection. For example high density wind areas in Wyoming and Montana need to be provided with export capacity to the growing markets in the southwest and northwest. If Western were to fund a second circuit on PacifiCorp's Energy Gateway project, export capacity from these resource-rich areas would be made available at market points (Borah, NEO, Mona and COB) beyond what PacifiCorp requires to serve their own load.

Conclusion

We are at a critical juncture in America in terms of energy policy. Congress and the current administration have made it a priority to develop and deliver our country's vast supply of clean, renewable energy resources in order to rebuild our manufacturing base and high-tech economy, gain energy independence and address climate change concerns. Western can play a pivotal leadership role in this exciting transformation by leveraging its existing transmission assets and customer base in the Western Interconnection and the Upper Midwest with the new Transmission Infrastructure Program.

We support the Program's proposed principles and project evaluation criteria, but we believe that in order for the Program to achieve maximum success, Western must actively lead the region in developing a fully-interconnected grid, promoting regional planning, and adopting innovative renewable resource integration policies. Further, Western should take steps in the

near-term to implement dynamic line rating, establish a conditional firm service product, forecast wind regionally, and allow intra-hour scheduling.

We also encourage Western to extend the deadline for RFIs until the Program specifics can be finalized.

We appreciate the opportunity to comment on this new program and we look forward to working with Western to incorporating our concerns and major principles in order to develop a workable program with full stakeholder participation and buy-in.

Sincerely,

Denise Hill
National Transmission Director
Horizon Wind Energy LLC



April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Re: Iberdrola Renewables, Inc. Comments on the Western Area Power Administration's Transmission Infrastructure Program

Iberdrola Renewables, Inc., appreciates the opportunity comment on the Western Area Power Administration's ("Western") proposed Transmission Infrastructure Program. Iberdrola Renewables submits the enclosed comments in response to the notice posted in the Federal Register on March 4, 2009, regarding Western's Notice of Proposed Program and Request for Public Comments, 74 Fed. Reg. 9391 (2009). If you have any questions or would like more information about Iberdrola Renewables' comments, please call me at (503) 796-7723 or contact me by email at donald.furman@iberdrolausa.com.

Sincerely,

Donald Furman
SVP, Business Development,
Transmission, and Policy

**Comments of
Iberdrola Renewables, Inc.**

**on
Western Area Power Administration's Transmission Infrastructure Program
Notice of Proposed Program and Request for Public Comments**

Submitted April 3, 2009

Iberdrola Renewables, Inc. ("Iberdrola Renewables") appreciates the opportunity to comment on the Western Area Power Administration's ("Western") proposal to adopt a Transmission Infrastructure Program. Pursuant to the notice posted in the Federal Register on March 4, 2009, regarding Western's Notice of Proposed Program and Request for Public Comments, 74 Fed. Reg. 9391 (2009), Iberdrola Renewables hereby submits the following comments.

I. Background

Iberdrola Renewables supports initiatives designed to assist with the integration and delivery of renewable resources, such as the 2009 Recovery Act's provision of \$3.25 billion in new borrowing authority to facilitate the delivery of renewable resources on the Western system. Recovery Act of 2009, Section 402. If Western carries out Congress' intent, this provision could help facilitate the development of thousands of megawatts of locationally-constrained renewable resources and spur the creation of thousands of jobs.

Iberdrola Renewables is a non-transmission owning public utility engaged, directly and through its subsidiaries, in the nationwide development of and marketing of electricity from wind, solar, biomass and thermal energy facilities, natural gas marketing, storage and hub services, and in providing other energy services. Iberdrola Renewables is the second largest wind energy developer and marketer in the United States, with more than 2,800 MW of wind generation capacity under its control. In addition, Iberdrola Renewables has over 2,000 MW of wind and solar under development for potential interconnection to Western's grid over the next several years.

Iberdrola Renewables' comments address both the process associated with development of the program, as well as the characteristics of the program itself. Generally, Iberdrola Renewables supports:

- An open and robust public process that allows parties a meaningful opportunity to participate in development of the program;
- A focus on transmission construction that will, in the near term, bring renewable resources to large liquid market centers with access to multiple customers;
- Participation in transmission projects through long-term contracts, including an open season period, allowing all generators and prospective customers an opportunity to participate once the specific projects are defined;
- Utilizing Western's resources to provide the ancillary services necessary to deliver renewable resources to markets;
- An embedded cost rate tariff structure; and
- Utilization of existing transmission studies where possible to expedite the process.

II. Open and Robust Public Process

Western's Federal Register Notice describes its proposed program as consisting of several major components, including (1) Project Funding, (2) Project Evaluation, (3) Project Development, (4) Project Operation and Maintenance, and (5) Project Rates and Repayment. 74 Fed. Reg. 9391, 9392 (2009). The Federal Register Notice also sets forth a number of "principles" which provide overarching guidance, and very general criteria regarding the major components. Western held one public meeting, on March 23, 2009, but has not provided further details with regard to the substantive aspects of the proposed program, nor has Western provided an overview of the process to implement the proposed program. With only a high-level, conceptual description to respond to, it is difficult for interested parties to provide substantive comments on the proposal.

The process used to develop and implement the program will be important in many respects. The process itself can make broad participation more or less likely, and can have the effect of either fostering or discouraging innovative ideas and solutions. In order to encourage broad

participation, and to meet the objectives set forth in the Recovery Act of 2009, Western should develop a detailed proposed process for the program that is open and robust, including meaningful opportunities for public participation and information sharing. Upon completion of the comment period, we encourage Western to hold an open meeting with interested parties to describe the process which will be utilized to evaluate and facilitate construction of facilities to allow the greatest number of renewable projects to reach prospective markets.

III. Bringing Renewable Resources to Liquid Market Centers

The Western Transmission Infrastructure Program is intended to facilitate the delivery of power generated by renewable resources. In order to do this effectively and efficiently, the proposed transmission projects must connect one or more significant sources of readily developable renewable energy with one or more significant recognized market hubs. In order to ensure that the benefits of renewable resources are maximized, they must be brought to liquid market centers. Specifically, we believe Western should consider (1) connecting wind resources in the Dakotas and Upper Great Plains to the load centers located around the Great Lakes, (2) connecting Wyoming wind resources to load centers in California, and (3) evaluating a combination of wind and solar resources in New Mexico for connection to the load centers of the Desert Southwest.

IV. Generator and Customer Participation in Transmission Projects

Western should adopt an open season process to address participation in and financing of transmission upgrades under the Transmission Infrastructure Program. An open season process can produce customers that are willing to sign long-term firm service agreements and make long-term commitments related to use of, and cost recovery for, facilities once actual projects are defined. Iberdrola Renewables has participated in the Bonneville Power Administration's Network Open Season process, and believes that Western should adopt a process with some similar features.

Specifically, Iberdrola Renewables recommends that, as part of the Transmission Infrastructure Program, Western adopt an open season process that allows a customer to commit to purchase new transmission service, in exchange for Western providing such service (1) at embedded cost rates, and (2) subject to the requirements of the national Environmental Policy Act, if construction of new transmission facilities is required. Western should eliminate participant-funding of new transmission facilities; except for the facilities necessary for the direct interconnection of renewable projects, and the associated crediting mechanism which negatively impact the economics of a transmission purchase.

Western should pay for the initial costs of studies and environmental analyses, and should utilize existing studies wherever possible to expedite the process and avoid unnecessary duplication. Performing initial studies based upon a cluster model, which aggregates transmission requests to identify necessary upgrades, is one way to meet transmission study needs at embedded cost rates.

With Western's expansive hydro resources and access to many independent power producing generators, Western is in an ideal position to secure and provide ancillary services to the transmission grid to enable the reliable delivery of renewable resources to load centers. The need for ancillary services is often neglected by proponents of new transmission projects; however, ancillary services are critical to a reliable and robust transmission grid and necessary for load serving entities to increase their purchases of renewable energy.

V. Conclusion

Any Transmission Infrastructure Program adopted by Western should include:

- An open and robust public process that allows parties a meaningful opportunity to participate in development of the program;
- A focus on transmission construction that will bring renewable resources to liquid market centers;

- Participation in transmission projects through long-term contracts, including an open season period, allowing all generators and prospective customers an opportunity to participate once the specific projects are defined;
- An embedded cost rate tariff structure;
- Provision for ancillary services; and
- Utilization of existing transmission studies where possible to expedite the process.

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April 3, 2009

Transmission Infrastructure Program
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Re: *Notice of Proposed Program and Request for Public Comments*
74 Fed. Reg. 9391 (March 4, 2009)

In response to the *Notice of Proposed Program and Request for Public Comments*, which was published by the Western Area Power Administration (“Western”) in the Federal Register on March 4, 2009, ITC Holdings Corp. (“ITC”) herewith comments on the proposed Transmission Infrastructure Program (“Program”) under Section 402 of the American Recovery and Reinvestment Act of 2009 (“ARRA”).¹

In general, ITC supports the proposed Program, although we note that the provisions regarding project rates do not appear to reflect the provisions of the statute providing for the participation of other entities in the finance, construction and ownership of transmission projects. As discussed further below, to the extent that those other entities may be subject to regulation by the Federal Energy Regulatory Commission (“FERC”) under the Federal Power Act, the provisions regarding project rates should be expanded to include principles, policies and practices relative to transmission capacity that other entities may own.

Western has requested public comments on proposed principles, policies, and practices to implement Section 402 of the ARRA. The Program components include (i) *Project Funding*, (ii) *Project Evaluation*, (iii) *Project Development*, (iv) *Project Operation and Maintenance*, and (v) *Project Rates and Repayment*. Each Program

¹ Pub. L. No. 111-5, § 402, 123 Stat. 115, _____ (2009). Section 402 of the ARRA amended the Hoover Power Plant Act of 1984 to add a new Section 301 to that statute.

component includes provisions on *Applicability* as well as on *Policies and Practices*. In addition, three Program components -- *Project Funding*, *Project Evaluation*, and *Project Rates and Repayment* -- include *Criteria*.

Under proposed principles for the Program, transmission projects approved for funding with borrowed funds (i) will be in the public interest; (ii) will not adversely impact system reliability or operations or other statutory obligations; (iii) will offer a reasonable expectation that the proceeds from such project shall be adequate to meet Western's financial repayment obligations; (iv) will use a public process to set rates for Western-owned transmission capacity resulting from any new facilities developed as a result of Western's participation in such project; (v) will have the necessary capabilities to provide generation-related ancillary services; and (vi) will use the proceeds from the sale of the transmission capacity from such project for the repayment of the principal and interest of the loan from the Treasury attributable to that project.

In addition, WAPA will ensure that the Program (i) provides an opportunity for participation of other entities in the construction, ownership, operation, and maintenance of transmission lines under the statute; (ii) uses revenues from projects developed under this authority as the only source of revenue for (a) repayment of the associated loan for the project, (b) payment of expenses for ancillary services, operation, and maintenance, and (c) payments for ancillary services that will be credited to the existing Federal power system that provides those services; and (iii) maintains appropriate controls to ensure, for accounting and repayment purposes, each transmission line and related facility project in which Western participates under this authority is treated as separate and distinct from each other such project and all other Western power and transmission facilities.

On January 5, 2009, in response to a Request for Statements of Interest published by Western in the Federal Register on November 21, 2008,² ITC expressed an interest in providing contributed funds, subject to five conditions, to construct new transmission facilities to serve renewable energy resources in states in which Western operates.³ In addition, in response to a Request for Interest published by Western on March 4,⁴ ITC today expressed its desire, subject to the same five conditions, to participate with Western, and with potential other partners, in the construction, finance, ownership, operation and maintenance of transmission facilities that would transmit or facilitate the transmission of electric power generated from renewable resources.

In particular, ITC has stated that it will participate in the development, construction, operation and ownership of new electric transmission facilities (i) if those

² 73 Fed. Reg. 70,638 (Nov. 21, 2008).

³ In response to a February 19, 2009 request for additional information, ITC supplemented the January 5 Statement of Interest on March 18.

⁴ 74 Fed. Reg. 9391 (March 4, 2009).

facilities are subject to FERC regulation and, in particular, are subject to FERC open-access transmission requirements; (ii) if those facilities are approved through regional transmission planning authorities such as the Western Electricity Coordinating Council, the Midwest ISO or equivalent entities; (iii) if ITC participation with Western and any other entities does not jeopardize ITC's independence and the status of its subsidiaries as independent transmission companies; (iv) if the transmission facilities are subject to FERC-approved regional and/or inter-regional cost recovery; and (v) if ITC is permitted to recover its revenue requirement for those facilities in a timely manner that will protect ITC shareholders as well as transmission customers.⁵

Section 402 of the ARRA amended the Hoover Power Plant Act of 1984 to add a new Section 301 to that Act. Section 301 authorizes Western to borrow up to \$3.25 billion for the construction, finance, operation and maintenance of transmission facilities. Section 301(b)(4) provides that Western "may permit other entities to participate in the financing, construction and ownership [of] projects financed under this section." Thus Section 301(e)(2) direct Western to "seek Requests For Interest from entities in identifying potential projects"

In compliance with Section 301(e)(2), Western published the Request for Interest on March 4.⁶ The Program, however, does not appear to reflect the provisions of Section 301(b)(4). For example, the Principles, and the provisions of *Project Rates and Repayment*, address transmission rates for transmission capacity that Western owns. They are not clear, however, about transmission rates for transmission capacity that other entities may own.

Other entities that are subject to FERC rate regulation may have transmission rates that are different from those of Western. For example, those entities are eligible for transmission rate incentives under Section 219 of the Federal Power Act.⁷ In addition, those entities will be subject to FERC obligations with respect to, for example, open-access transmission service.

⁵ In particular, ITC would likely propose a forward-looking formula rate consistent with the formula rates that the FERC has approved for ITC subsidiary companies and many others.

⁶ 74 Fed. Reg. 9391 (March 4, 2009).

⁷ 16 U.S.C. § 824p. See also Order No. 679. *Promoting Transmission Investment Through Pricing Reform*, Order No. 679, 71 Fed. Reg. 43,294 (July 31, 2006), FERC Statutes & Regulations, Regulations Preambles ¶ 31,222, *order on reh'g*, Order No. 679-A, 72 Fed. Reg. 1,152 (Jan. 10, 2007), FERC Statutes & Regulations, Regulations Preambles ¶ 31,236, *order on reh'g*, Order No. 679-B, 119 F.E.R.C. (CCH) ¶ 61,062 (2007).

To implement Section 301(b)(4), the Program should be expanded to include principles, policies, and practices relative to transmission capacity that other entities may own as well as to the participation of FERC-regulated other entities in the Program in general. Section 301(e)(1) states that Western “shall use a public process to develop practices and policies that implement the authority granted by this section.” That authority includes Section 301(b)(4) relative to the participation of other entities.

The Program principles state that Western will ensure that the program provides an opportunity for the participation of other entities. The Program policies and practices, however, otherwise provide no other guidance for the participation of those entities. For an expansion of the Program in this regard, Western should look to the five conditions that ITC has established for participation with Western, and with potential other partners, in the construction, finance, ownership, operation and maintenance of transmission facilities.

For example, the Program principles could be expanded to provide that transmission facilities constructed with the participation of FERC-regulated other entities shall be subject to FERC regulation. The provisions of *Project Rates and Repayment* could be expanded to provide that facilities constructed with FERC-regulated other entities shall be subject to FERC ratemaking.

Finally, some provisions of the Program require clarification. Under proposed principles for the Program, transmission projects approved for funding with borrowed funds also will have the necessary capabilities to provide generation-related ancillary services. It is unclear how a transmission project “will have the necessary capabilities to provide generation-related ancillary services.” Perhaps Western intends to ensure that the transmission project will have the necessary capabilities to permit Federal hydroelectric projects to provide ancillary services. If this is the intent of the principle, then it should be clarified.

ITC applauds Western’s expeditious implementation of Section 402 of the ARRA. The proposed program is a constructive step in that implementation. ITC urges Western, however, to expand the Program specifically to provide guidance on the participation of FERC-regulated other entities.

Sincerely yours,


James W. Moeller

Counsel to ITC Holdings Corp.



April 1, 2009

Mr. Timothy J. Meeks
Administrator
Western Area Power Administration
Via email: txprogram@wapa.gov

RE: Written Comments on the Notice of Proposed Program and Request for Public Comments
(74 FRN No. 41, March 4, 2009) (“Notice”)

Dear Mr. Meeks:

K. R. Saline & Associates, PLC is a consulting engineering firm that represents many of Western Area Power Administration’s (“Western”) customers. We are writing today on behalf of several clients in the Desert Southwest Region¹.

We have intimate understandings of the federal transmission system (“FTS”) managed by Western, including power scheduling, transmission scheduling, contracts, rates, technical plans, and Statutory Project obligations. As a customer representative, we have helped Western develop its Open Access Transmission Tariff and many Western contracts. Our transmission group has analyzed many portions of the transmission systems which interconnect the western states, including FTS facilities, renewable generation interconnections and regional transmission expansion plans.

We are providing these comments to assist Western in its implementation of the American Recovery and Reinvestment Act of 2009 (“ARRA”). We believe many benefits can accrue from ARRA to the transmission interconnection, renewable resource development, Western’s customers and the general public, if Western prioritizes planning and construction of new transmission facilities that will:

- a) rebuild and expand the transfer capabilities of the FTS wherever possible to create new renewable energy delivery capability and ensure access to renewable resources for Western’s customers, thus expanding renewable markets by connecting more utilities, utilizing existing rights-of-way, and streamlining planning and construction of new facilities;

¹ Aguila Irrigation District, Buckeye Water Conservation & Drainage District, Electrical District No. Seven of Maricopa County, Electrical District No. 8 of Maricopa and Yuma Counties, Harquahala Valley Power District, Maricopa Water District, McMullen Valley Water Conservation & Drainage District, Roosevelt Irrigation District, and Tonopah Irrigation District.

- b) relieve existing congestion between load areas, and route new projects so as to interconnect regional markets, thus reducing current interstate transfer limitations that impact regional market prices, limit renewable resource development, limit options for customers to purchase renewable energy and create transmission pricing hurdles;
- c) create new regional market hubs, wherever possible, to enable renewable market development. Any projects that expand transmission access into trading hubs or create trading locations without causing pancaking should be encouraged (*e.g.*, connect to and expand Palo Verde/Hassayampa hub; make new connections enabling Market Place, Mead, McCullough, and Eldorado to become a regional hub; connect Western's transmission lines into the proposed California Midpoint substation, which can create a regional trading location between the CAISO and other utilities in the middle of a significant solar development area). The creation of trading locations where several separately owned transmission systems interconnect, and hubs where transmission pancaking is eliminated between geographically similar substations, will significantly improve the long-term bilateral and real-time market access and efficiency for renewable energy in the region irrespective of which transmission system is used to move energy to or from the markets or hubs. As an example, we have attached a map of the Arizona area which reflects areas where additional transfer capability is needed for renewable energy. The dashed lines are not meant to modify or duplicate existing conceptual plans, but are provided to identify the paths where upgrades are needed whether by existing utilities, Western, or other developers to provide a robust delivery and interstate transfer system to accommodate large renewable energy development and access to markets.

The FTS crosses many regions of the western states where renewable energy exists or needs to be transmitted to provide regional access to the prospective renewable resources. Many of the renewable energy zones are identified through NREL and regional processes. The rights-of-way associated with the FTS crossing those zones are tremendous federal and public assets, and every opportunity should be examined to utilize and expand these rights-of-way to enlarge the existing transmission facilities or corridors.

Additionally, significant regional transmission expansion planning efforts by regional utilities pursuant to FERC Order 890 have identified many preferable routes and projects needed in the western interconnection. By building upon these other efforts, Western should minimize confusion and accelerate the process for planning and constructing the most effective new facilities.

Unfortunately, Western's limited budgets, prior to ARRA, have narrowed the scope of Western's plans for enlarging Western's facilities to 500 kV, and have limited examination of the benefits such FTS expansion could provide in relationship to the other regional planned projects. That recent lack of funding has limited Western's participation and planning opportunities. Many of Western's existing facilities could be expanded to 500 kV to create additional transfer capabilities which complement, augment, and/or enhance other regionally planned facilities. We believe that while Western may be inundated with requests to build "new lines in new routes", a greater opportunity may exist for Western to examine expanding its existing corridors to create needed new interstate transmission capacity where expansion of such FTS corridors was not previously considered.

We believe the following process components may help Western identify the best use of its ARRA funds and authority:

- a) Examine upgrading the FTS system and examine the additional transfer capability created by such upgrades (*e.g.*, what if Western's lines were all 500kV?). Examination of the electrical capabilities of expanding the FTS system to increase regional transfer capability may provide significant new transmission capacity for renewable resource delivery in certain regions.
- b) Examine participation in and potential modification of existing regional conceptual plans. In the planning of many regional projects, the FTS facilities may have been overlooked due to Western's limited budget to fund such projects; yet the FTS facilities may very well avail critical regional corridors and locations that are preferable for upgrading when compared to other conceptual transmission plans. Western should also examine participation opportunities in existing, already vetted transmission plans and projects of regional utilities, using creative approaches (*e.g.*, purchasing capacity for renewable deliveries.). Western may determine that ARRA funds can provide sufficient timely financial assistance to cause existing transmission projects to be accelerated, sited and constructed to achieve ARRA goals.
- c) Vet Western's conceptual plans through recently prepared regional transmission planning processes to create opportunities for participation by other utilities, combination of projects, and finding the necessary financial participation to enable actual construction of projects. Western's ARRA funding for renewable energy delivery may be the critical missing catalyst that will cause regional projects to move forward.
- d) Examine potential Western partnerships with other regionally planned transmission projects in order to use Western's federal authority for accelerated routing, siting, and permitting (like COTP); and use ARRA funds to expedite permitting and construction of such projects and thereby accelerate renewable energy development. Western's participation using its ARRA funding, federal permitting authority, and additional FTS connections could expand renewable resource interconnection points (using the FTS as a collecting system), and could expand the interstate delivery capability by acquiring ARRA funded rights in other transmission projects, all to provide interstate capacity allowing efficient market access for renewable resources.

In recent years, regional utilities have worked to implement FERC Order 890 principles for regional planning and open season opportunities for Load Serving Entities (LSEs) to own rights in the new transmission projects. We strongly believe Western should take advantage of these achievements and vet all new transmission projects through such processes. Many LSEs have been limited in their ability to fund new transmission capacity in excess of their needs solely for Native Loads. Although this typically includes 10-20 years of planned load service needs in transmission projects, it is very difficult for LSEs to ask their retail customers to pay for enlarging the interstate transmission system or to plan for unknown renewable resources.

Western's ARRA funding creates a tremendous opportunity to start with the already identified LSE needs, plus the renewable energy zones transmission studies, and identify and examine new projects to create an electrically efficient and capital-efficient network around the west. Western may propose new projects which supplant or modify other regional transmission projects. ARRA funding can be a catalyst to jump start other regional plans. Therefore, vetting new projects that are identified in Western's current process through screening in regional planning groups may identify opportunities to combine projects, modify plans, and or modify participation interests. Western should encourage efficient merging of interests and projects wherever possible to avoid duplicative facilities which increase consumers' costs.

This process may lead Western to conclude that it is necessary to interconnect most new projects to regional markets, which would provide access for renewable generation to reach regional market/trading hubs. This approach would very likely reduce or eliminate congestion into the same geographic regions. The economic relief provided by reducing existing congested areas, while providing new transmission capacity for renewable resources, may help provide near term financial savings when compared to the costs for repayment of the new ARRA transmission facilities without such congestion relief benefits.

We have also attempted to offer some observations of how Western can deal with some of the issues that will likely arise between the ARRA purposes and Western's Statutory Project purposes, which will require resolution as new projects are conceived, vetted, permitted, and constructed.

We believe the existing FTS contracts, Statutory Project authorizations, project accounting and rate setting need to be respected; however, such preconditions need not hinder opportunities to expand the FTS facilities. The existing project capacity can and must be contractually and financially honored within a larger transmission system to satisfy all statutory delivery cost and contractual obligations. The savings from using existing Western rights-of-way may exceed the difference in capital costs for new transmission capacity versus expanding existing facilities. In such cases, the resulting expanded transmission system should be able to honor the financial and contractual positions of existing customers. While the expanded system may have multiple rates for using the same facility, contrary to FERC nondiscriminatory pricing policies, Western has the Congressional authorization to implement such practices, and need not force its existing customers to forgo any cost benefits or transmission rights in a surviving or replacement network.

Furthermore, Statutory Project customers should not be negatively impacted, and may in fact see greater utilization of FTS rights by converting FTS unused capacity into an upgraded system, reducing other costs to FTS customers. Alternatively, the debt for those unused portions could be "purchased via ARRA funds" and retired from the FTS projects. We believe the existing customers should and can retain their contractual rights in the upgraded system and enjoy additional benefits of access to renewable energy from the new resources that connect or use the expanded federal transmission network. Existing customers should be offered the same transmission service options, *i.e.* use of delivery points on a non-firm basis, and roll-over rights to expand or transfer their use to the expanded system to access new renewable energy resources and markets.

All existing FTS customer positions can be honored both in financial obligations to the associated Federal Project and in transmission delivery rights. When the existing federal debt is paid off, the rights could transfer to the new project and, over time, all customers may migrate to a common tariff charge on the larger network as future resources are contracted over the expanded system.

O&M, ancillary services, and other shared costs can continue to be separately accounted for by each project and appropriately segregated so the integrity of each project's accounting and rate setting process is maintained. Such integrated practices are used by Western today with its numerous Statutory Projects, so tracking a few more projects should not overwhelm the agency or existing accounting processes.

Although the ARRA will clearly not "fix it all", we believe there are many opportunities for projects through which Western can successfully achieve the purposes of ARRA. We believe access to resources can be expanded for many regions and Western can create multiple benefits to many regions with careful screening and regional vetting to create new resource opportunities. In many regional plans, the cost of the renewable piece has been a hard target to identify and fund. With ARRA funding and good project selection, we believe there are many projects Western can implement or facilitate which will complement regional plans and fill the renewables void. Further, we believe joint transmission project ownership is

critical to creating future transparent market access for all LSEs and providing them transmission rights to meet their Native Load obligations with the greatest opportunity to achieve economic efficiency for all consumers. Some additional private investments may help to create a new, robust network, and those contributions will need to be carefully examined to ensure that they provide economic benefits above costs and contribute to the open, uncongested interstate network we all desire and need.

We appreciate the opportunity to offer these comments to Western and will be happy to answer any questions regarding our observations.

Sincerely,

Kenneth R. Saline

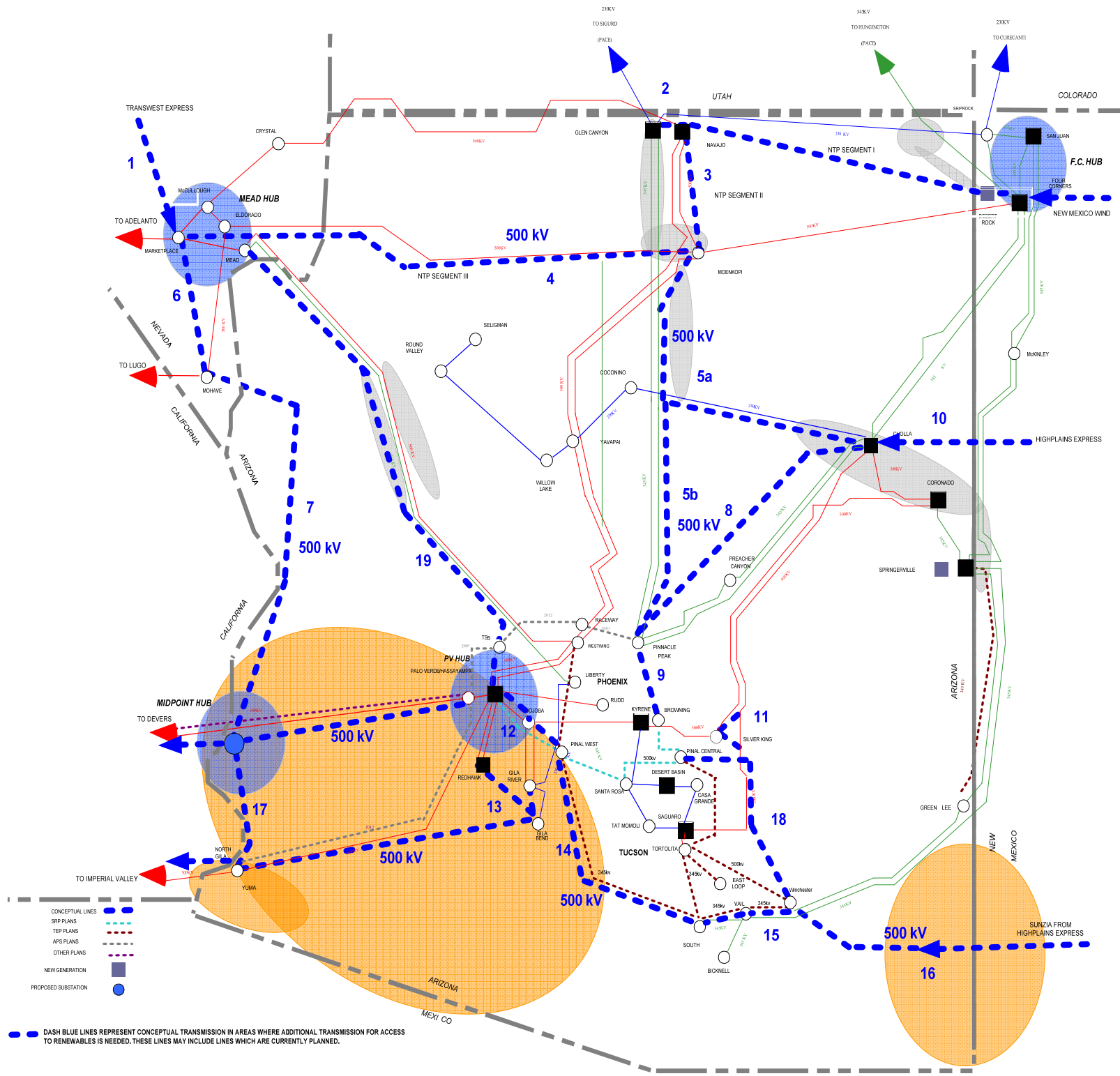
Kenneth R. Saline, P.E.
K. R. Saline & Associates, PLC

Cc: WestSide Districts
IEDA
CREDA
APA

Arizona-EHV Conceptual Transmission

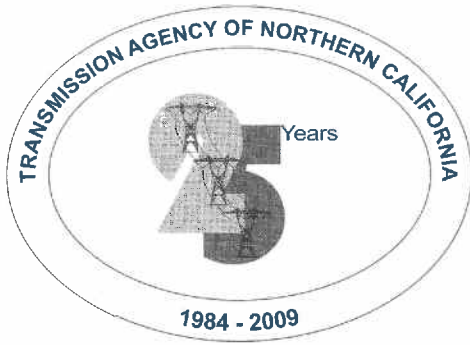
Transmission Segment	500kV Line	Permitted	Planning Stage	Project/Study Forum
1	TransWest Exp Injection point		Conceptual	APS-TransWest Express
2	Glen Canyon/ Navajo		Conceptual	
3	Navajo/ Moenkopi		Conceptual	NTP-Segment 2
4	Moenkopi/ Marketplace	✓	Conceptual	NTP- Segment 3
5a	Moenkopi/ Cholla		Conceptual	SWAT-AZ-Renewables
5b	Moenkopi/ Pinnacle Pk		Conceptual	
6	Marketplace/ Mohave		Conceptual	
7	Mohave/ New-Station 1		Conceptual	SWAT-AZ-Renewables
8	Cholla/ Phoenix		Conceptual	APS Ten-Year Plan
9	Pinnacle Pk/ Browning			
10	High Plains Exp Injection 1		Conceptual	High Plains Express
11	Cholla/Sag/Silver King loop-in		Conceptual	CATS
12	Palo Verde/ Pinal West 2	✓	Conceptual	CATS
13	Palo Verde/ North Gila 2 Alt	✓	Planned	
14	Pinal West/South	✓	Conceptual	CATS
15	South/Vail/Winch		Conceptual	CATS
16	High Plains Exp Injection 2 Via SUNZIA		Conceptual	High Plains Express/ SunZia
17	New Station 1/ North Gila		Conceptual	SWAT-AZ-Renewables
18	Winchester/ Pinal Central		Conceptual	SUNZIA
19	Mead/Phx		Conceptual	

ARIZONA CONCEPTUAL TRANSMISSIONS



- CONCEPTUAL LINES ---
- SRP PLANS ---
- TEP PLANS ---
- APS PLANS ---
- OTHER PLANS ---
- NEW GENERATION ■
- PROPOSED SUBSTATION

--- DASH BLUE LINES REPRESENT CONCEPTUAL TRANSMISSION IN AREAS WHERE ADDITIONAL TRANSMISSION FOR ACCESS TO RENEWABLES IS NEEDED. THESE LINES MAY INCLUDE LINES WHICH ARE CURRENTLY PLANNED.



TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

P.O. Box 15129, Sacramento, CA 95851-0129 (916) 852-1673

April 3, 2009

VIA EMAIL AND FEDERAL EXPRESS

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228-8213

To Whom It May Concern:

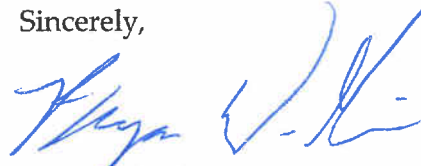
The Transmission Agency of Northern California (TANC) is pleased to submit its Comments in response to the Request for Public Comments (Request) posted by the Western Area Power Administration (Western) in the Federal Register, Vol. 74, No. 41, page 9391, on March 4, 2009. TANC understands the purpose of Western's Request is to solicit Public Comments regarding the development of principles, policies, and practices that will be implemented to guide Western's administration of a proposed Transmission Infrastructure Program (Program). As stated in the Federal Register, Western's Program is being proposed to implement Section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), which gives Western authority to construct, finance, facilitate, plan, operate, maintain, or study construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed. This Program will use the authority granted to Western under Section 402 of the Recovery Act to borrow funds from the U.S. Treasury to accomplish the aforementioned purposes.

In response to Western's Request, TANC has prepared comments that emphasize the importance of collaboration, coordination, advanced planning, and procedural flexibility as Western develops the principles, policies, and practices that will guide its Transmission Infrastructure Program. TANC is strongly encouraged that Congress included Section 402 in the Recovery Act and believes that implementation of an effective Program is a critical step required to overcome transmission infrastructure deficiencies within the Western Interconnection and to promote the development of renewable energy resources throughout the western United States.

Transmission Infrastructure Program
Western Area Power Administration
April 3, 2009
Page Two

We look forward to further participation in this process and to Western's implementation of the Program. If there are any questions with respect to these comments, please do not hesitate to contact me at (916) 852-1673.

Sincerely,



Bryan W. Griess
Assistant General Manager

Enclosure

April 3, 2009

Comments on Behalf of LS Power Associates, L.P. on the Proposed Transmission Infrastructure Program

Pursuant to the Federal Register Notice in Federal Register Vol. 74, No. 41, LS Power Associates, L.P. ("LS Power") submits the following comments on the Proposed Transmission Infrastructure Program ("TIP") by the Western Area Power Administration ("Western") to implement section 402 of the American Recovery and Reinvestment Act of 2009 ("Recovery Act").

1. Introduction

LS Power is an independent power generation and transmission group with a proven track record of successful development activities, operations management and commercial execution. LS Power has been involved in the development, construction, or operations of over 20,000 MW of power generation throughout the United States. LS Power is actively developing both power generation and transmission infrastructure to serve the need for new generation, improve the aging transmission system, and facilitate the delivery of renewable energy resources.

LS Power through its affiliates is actively developing new transmission projects to facilitate renewable resources with at least one terminus in Western's service area including the Southwest Intertie Project and the Overland Intertie Project. Additionally LS Power is developing transmission facilities outside of Western's service area in states like Texas where LS Power subsidiary, Cross Texas Transmission, LLC, was recently selected through a competitive process by the Public Utility Commission of Texas to develop over 200 miles of double-circuit 345kV transmission lines and related facilities.

2. Specific Comments

A. Identifying Projects

LS Power commends Western for its work in having already developed and issued a Request for Interest ("RFI"). In order to fulfill the intent of the Recovery Act, Western should place a higher emphasis on advanced transmission projects in which it can participate to utilize its Federal borrowing authority. LS Power believes that increased coordination, increased studies, new processes, and working groups can all benefit the region covered by Western's service area. However, LS Power is concerned that considering proposals for these purposes along with proposals for real transmission projects will hinder Western's ability to compare alternatives and make decisions in a timely manner. LS Power

suggests that Western perform separate evaluations for advanced transmission projects and conceptual transmission projects. The majority of funding should go toward supporting and advancing projects that can be placed in service most quickly with the least amount of work. Support for more conceptual transmission projects, that is projects without receipt of approvals and routing, should be limited to support of study work and proof of concept, and should be limited to a relatively small dollar amount. Further, Western should ensure that transmission projects submitted in the process are truly real projects. If a transmission project is submitted as a mere concept with no studies, no sponsor, and no development work performed Western should consider it as such and either reject it or evaluate it as a concept only.

B. Timing of Projects

In order to carry out the Recovery Act goals of stimulating economies, creating new jobs, and quickly building a foundation for future growth Western should consider transmission project timelines as a primary factor in evaluation. In addition to the planned timeline, the risk of delays should also be considered. Environmental review and approval, permitting, and state regulatory approvals often take longer than expected. Delays caused from these activities will act to change the project benefits, increase costs, and put projects in jeopardy. As part of the evaluation criteria Western should consider the completed development activities and the risks presented from outstanding permits and approvals needed to begin construction.

C. NEPA

Utilizing Western's Federal borrowing authority has the potential to trigger National Environmental Policy Act ("NEPA") review, particularly if it is Western's support for the project which enables the project to proceed. While it is good practice to consider the environmental impacts of transmission projects, doing so can be a lengthy and costly process. As such, transmission projects that have completed NEPA review should be given preference over projects that have not. Western should consider the amount of time that completing NEPA analysis will take for projects that have not completed NEPA work.

D. Leverage Borrowing Authority

A vast amount of large-scale high voltage transmission is needed in order to incorporate the amount of renewable energy resources envisioned by President Obama and the individual states that have enacted renewable portfolio standards. The \$3.25 billion in Federal borrowing authority granted to Western in the Recovery Act has the potential to bring significant new transmission projects needed to facilitate renewable resources to fruition, but only if the authority is used wisely. Large transmission projects are very capital intensive and the

authority granted to Western would make only a minor impact if used to wholly fund projects. However, if Western's authority is utilized in partnership with private entities under structures that make use of the entities financial capabilities then the Federal borrowing authority can be used to bring a higher level of new transmission to reality so that more benefits are realized.

E. Renewable Resources

Western's service area covers many of the regions identified to have some of the best renewable resources in the U.S. The wind, solar, and geothermal resources within the service area are particularly well suited to deliver economic renewable energy. LS Power believes that no single technology is the answer to all renewable needs and that instead a portfolio of renewable resources will better fill the need for renewable energy. A portfolio of wind, solar, and geothermal resources will allow the inherent differences between these resources to compliment one another. The diversity among these resources could reduce technology risk, lower integration costs, and increase transmission utilization. When evaluating the renewable resources that will be facilitated by new transmission projects Western should also consider whether the transmission project will facilitate a diverse portfolio of renewable resources.

F. Delivery Points

In considering transmission projects it is important to examine the renewable resources that the project will facilitate. However, it is also important to evaluate where the renewable energy will be delivered. A transmission project that simply provides transmission access to remote renewable projects is of little value if it does not deliver them to load centers where they are consumed. Further the market in which the renewable energy is delivered must have a need for renewable resources or be forecasted to have a need for renewable resources. If renewable energy can be delivered to a market, but there are no buyers of that energy then the project will do little to facilitate the renewable resources.

G. Flexibility

In order to facilitate the highest amount of quality transmission to provide the most benefits Western should remain flexible in the type of arrangements that it makes. The projects submitted to Western will be in varying stages of completion with differing types of entities as the developer. As such it is unlikely that any one commercial arrangement will provide each project with the means needed to bring their project to fruition. By remaining flexible Western can ensure that its borrowing authority is used in the most efficient manner to provide the maximum benefits.

3. Conclusion

LS Power commends Western for developing a program to fulfilling the goals of the Recovery Act and understands the difficulties and importance of the task. Investment in new transmission infrastructure will act to facilitate renewable resources, create jobs, stimulate economies in the near term, and create a foundation for future growth. LS Power appreciates the opportunity to submit these Comments on the TIP and urges Western to consider them in implementing a program to utilize Western's Federal borrowing authority granted under the Recovery Act.

**IRRIGATION & ELECTRICAL DISTRICTS
ASSOCIATION OF ARIZONA**

R. GALE PEARCE
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R.D. JUSTICE
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ELSTON GRUBAUGH
SECRETARY-TREASURER

ROBERT S. LYNCH
ASSISTANT SECRETARY-TREASURER

E-MAILED ONLY (txprogram@wapa.gov)

March 24, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228-8213

Re: Western Area Power Administration (Western) Proposed Transmission Infrastructure Program (Program) Implementing Section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), 74 Fed.Reg. 9391, et seq. (March 4, 2009)

Ladies and Gentlemen:

Pursuant to the above-referenced Federal Register notice, we are providing you with comments on the proposed Program.

We realize that most of the problems associated with implementing this program come from the Recovery Act itself. For that reason, we will begin our comments focusing on the language in the Act and then follow with comments concerning the proposal in the Federal Register notice for implementation. References are to the Hoover Power Plant Act of 1984 amendments.

ISSUES WITH REGARD TO SECTION 402

We will address issues concerning Section 402 serially as they appear in the authorizing statute for ease of reference.

Override Language - § 301(b)(1)

The authority granted under this Section is granted “Notwithstanding any other provision of law”. As Western notes in the Federal Register notice, there are potential conflicts between exercising this authority and meeting the requirements of Western’s Open Access Transmission Tariff (OATT) under the Federal Power Act. The nature and extent of these potential conflicts needs to be explored now so that participating utilities, many of which have their own obligations under their Open Access Transmission Tariffs, can understand the respective roles of any participants in a project under this authority.

Borrowing Terms and Conditions - § 301(b)(1)(B)

Western may borrow money “on such terms as may be fixed by the Administrator and the

Secretary”. Those terms and conditions need to be set in advance by the Administrator and the Secretary because they affect repayment and therefore affect the analysis that Western must make of the project being proposed as to whether “it is reasonable to expect that the proceeds from the project shall be adequate to make repayment of the loan.” Whether Western does the analysis or asks a project proponent to do so as part of a submission, without knowing these terms and conditions, that analysis is impossible. Terms and conditions can be bracketed as to period of years, interest rates and the like, but some quantification of this subject is essential in order to know whether financing assumptions in a proposal bear any reasonable relationship to reality.

Reasonably Expected to be Constructed - § 301(b)(1)(B)(ii)

Western needs to develop some feasibility analyses related to renewable energy resources or indicate that certain rules and regulations the agency already has in place will be made applicable to this analysis.

Interest - § 301(b)(2)

Does this provision limit the terms and conditions that can be available for a project? Must the project interest rate and repayment duration match a treasury bill being offered by the United States at the time? In spite of whatever useful life the project may have beyond such a term?

Refinancing - § 301(b)(3)

Western has the authority to refinance loans under this Program. Western should make it clear that the ability to refinance is not part of the original feasibility analysis and that refinancing would be done only for purposes of lowering interest rates or otherwise improving upon the terms and conditions of the original loan in reducing costs of the project.

Participation - § 301(b)(4)

While the Administrator may permit other entities to participate, there is no requirement that he do so. Here is a place where Western’s OATT responsibilities and this authority may conflict. Western should explain that it will make every effort to solicit participation in a project, including joint ownership.

Transmission Line and Related Facility Projects - § 301(c)

In this authorizing provision, the statute defines a project in which Western “participates pursuant to this section”. The same language is used later on in the certification provision. Western should clarify that participation can mean any of the activities Western is authorized to undertake including merely being the source of funds pursuant to a borrowing and that this language is not intended to limit the repayment directions to projects in which Western is the owner or an owner.

Western should also clarify the use of the word “under” in the Proceeds provision and in the Request for Interest provision. In the former provision, the word merely relates to an individual

project. In the latter provision, it relates to the project or projects that are “funded” under this section. Is this merely a drafting error or are the directions to apply proceeds intended to cover projects other than those funded under this section? The use of the word “under” without the word funded is also found in the Source of Revenue provision. Here again clarification is recommended.

Source of Revenue - § 301 (c)(3)

Western needs to clarify that the revenues indicated here are those coming to Western and not those of partners who own a portion of the physical facilities of the project or a portion of the capacity thereof if that ownership was not funded under this section. In other words, the use of the term “project” is meant to mean something funded under this statute (i.e., 50% of the capacity of a new transmission line), not necessarily the entire actual physical facility involved in the project if it is not to be totally funded under this Program.

In this same provision, it needs to be clarified that the requirement to pay ancillary services and operation and maintenance contemplates the payment of all costs, including associated overhead, repairs and replacements as would be the case in any other project separately authorized by Congress.

Limitation on Authority - § 301 (c)(4)

While this provision makes it clear that Congress is not granting Western any additional authority or obligation to provide ancillary services to project users under this section, the provision leaves open the very important question of when Western can or cannot so provide such ancillary services from other projects. If there is a need to provide ancillary services for customers within the other project, does that control? Will there be a financial screen of the new project to make sure that providing ancillary services generates payment? Such as a requirement to pay for such services in advance? These details need to be developed.

Certification - § 301 (d)(1)

Western needs to develop criteria for determining when a project is or is not in the public interest. Clearly a proposed project is not in the public interest if it won't pay for itself. What are the other criteria that are going to be applied?

Western also needs to clarify how a project will be determined not to adversely impact reliability or operations, what reliability or operations are to be examined (Western Interconnection or something less?), and just what other statutory obligations fall within this screening process as well. Is this something that an applicant will have to provide on a preliminary basis?

Western also needs to develop criteria for its review of the requirement that “it is reasonable to expect that the proceeds from the project shall be adequate to make repayment of the loan.” Here again, is this an analysis that, on a preliminary basis, must be supplied by an applicant? What factors need to be assessed for purposes of making this determination? Is there a threshold for contractual commitment to the project ahead of time? A percent of capacity contracted for? For a

particular duration? The term of the repayment of the loan? The useful life of the project? Shouldn't useful life of the project be a factor since it is the trigger for forgiveness of loan balances?

Forgiveness of Balances - § 301 (d)(2)

Western needs to clarify whether the forgiveness of balance provision operates at the end of the original useful life of the project or any extended useful life of the project by rehabilitation thereof. If things aren't working out, there would be little motivation to try to improve the project to make it self-sustaining if all one had to do was wait and the loan would just go away.

As to unconstructed projects, Western needs to clarify that funds would be expended to study a project and possibly to do project planning under this borrowing authority only because Western is considering whether to ask to borrow funds to facilitate construction or to actually construct or participate in constructing a project. This is not a blank check to plan and study and Western should clarify that point.

SET ASIDE FOR MANAGEMENT AND OVERSIGHT

The provision in Section 403 for Program "set up", if you will, for which separate funds have been appropriated, should be dealt with in the final version of Western's Policies and Procedures. Doing so will assist interested parties in understanding the timing of requests, the way the Program is going to be administered and how to interface with it. This is especially true since Western is committing to a public process for rate setting but has not defined whether or not it will utilize its existing format under existing authorities.

THE FEDERAL REGISTER NOTICE

As you can readily tell, we believe that most of the problems in initiating this Program come from the way the statutes were written. Our questions raised by the statutes can be replicated as to the Federal Register notice because it, for the most part, tracks the language of Section 402. For that reason, we will not repeat the above comments. Instead we will focus on just a few specifics.

Definitions – 74 Fed.Reg. at p. 9392, column 3

We believe the term "entity" is defined too narrowly. Is it intended to eliminate public power entities, including your customers, from participation? We believe it would be more correct to define "entity" as any "person". In that fashion, the nature or business form or government character of an entity would be rendered irrelevant.

Project Evaluation - 74 Fed.Reg. at p. 9393, column 1

We believe that the first criterion for project evaluation, to wit: "1. Facilitates the delivery of energy from renewable resources to market", is too narrow. It reads as if one must be able to prove that the facilities constructed will in fact deliver such energy and ignores the statutory authority to analyze a generation source on the basis that it is reasonably expected to be constructed for

generation of renewable energy resources. The language Western has used makes it sound like you have to build the renewable generation source before Western will consider a transmission facility under this Program. We doubt that was the intent and suggest that some clarification is in order.

Concerning Policies and Practices, we heartily agree that Western will need to establish additional evaluation factors but these should not be limited to the proposed projects but should also include the Program authority issues that we have outlined above. We would urge Western to clarify this point in the final decision on Policies and Procedures and to establish an ongoing dialogue with customers and other interested parties for clarifying how this Program will work. We see the issues we have raised as potential stumbling blocks for successful implementation of this Program and urge Western to address these issues as soon as possible to facilitate implementation of the Program.

In so doing, Western will have to do more than it has done in this notice to address confidential information. Western will be dealing with two entirely different populations, public entities and private entities. Bilateral agreements with private entities may suffice under the Freedom of Information Act or may not. Providing confidential information from a public body carries with it the additional problem of whether the public body can keep such information confidential in the first place. Western also has not addressed the obvious necessity at some point of providing information back to participants or applicants and how confidentiality will be handled in that regard. Failure to properly address this situation could unnecessarily bog down the Program.

Thank you for the opportunity to comment on this important new Program. We look forward to working with Western in its continued development and execution.

Sincerely,

/s/

Robert S. Lynch
Counsel and Assistant Secretary/Treasurer

RSL:psr

cc: Mr. Tim Meeks, Administrator
Leslie James, Colorado River Energy Distributors' Association (CREDA)
Tom Graves, Mid-West Electric Consumers Association (MWECA)
IEDA Members and Associate Members



Mid-West Electric Consumers Association

4350 Wadsworth Blvd., Suite 330, Wheat Ridge, CO 80033

Tel: (303) 463-4979 Fax: (303) 463-8876

April 1, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Comments on the Proposed Adoption of a Transmission Infrastructure Program

The Mid-West Electric Consumers Association appreciates the opportunity to comment on the Western Area Power Administration's ("Western" or "WAPA") two Federal Register notices: Notice of Proposed Program and Request for Public Comments, and Notice of Availability of Request for Interest (FRN), published March 4, 2009 (pp. 9392-9393).

The Mid-West Electric Consumers Association was founded in 1958 as the regional coalition of over 300 consumer-owned utilities (rural electric cooperatives, public power districts, and municipal electric utilities) that purchase hydropower generated at federal multi-purpose projects in the Missouri River basin under the Pick-Sloan Missouri Basin Program ("Pick-Sloan").

The two Federal Register notices seek to begin implementation of provisions of Title III of the Hoover Power Plant Act of 1984 established by §402 of the American Recovery and Reinvestment Act of 2009. One FRN seeks expressions of interest in participating in the new program authority. The other FRN seeks input on program design.

With over 7,000 miles of transmission in Pick-Sloan and more than 3,000 miles in the Loveland Area Projects (LAP), Mid-West's members have a vital stake in the development of new transmission under Western's new §402 authority and the treatment of Western's existing transmission system in relation to §402 activities.

Mid-West understands that Western is under pressure to move quickly to implement this new authority; but fears that the celerity with which Western is moving could compromise the program's effectiveness. It is counter-intuitive for Western to be seeking expression of interest in a new program while at the same time seeking input on program design and implementation.

The Notice of Proposed Program and Request for Public Comment only reiterates the statutory language, with one exception, which notes Western will favor parties bringing some of their own financing to the table. Other than that, Western's customers and other parties have no more information on how Western might choose to implement this program. Similarly, the public meeting convened by Western on March 23 did not provide any further information or program analysis by Western. Western was only seeking comments from attendees (both in person and electronically).

This is not a request to “go slow” or unnecessarily delay program implementation; but to proceed at a pace that will assure proper implementation of a program that is new territory for Western – in both program content and financing procedures.

Transparency is critical for Western’s new program and financing authority. In light of the very open-ended Federal Register notice and its lack of any further detail, Western’s response to the comments on its FRN should not be the end of the public process in developing and defining this new program authority. Mid-West asks that Western continue the public process and provide an opportunity for additional discussion and dialogue with Western. Mid-West believes that Western – by working with its customers and other parties – will be able to fashion a program that works for everyone and avoids ambiguity and misunderstanding.

Project Funding: Though listed as the first element in Western’s proposed program, it is difficult to understand how Western would decide to fund a project without having made any evaluation of that project. Project Funding should probably come after Project Evaluation, particularly in light of some aspects of Project Evaluation that might affect Project Funding.

Otherwise, as written, this section of the FRN states that the only criterion for selecting projects to be funded is, “the reasonable likelihood that the project will generate enough transmission service revenue to repay the principal investment, all operating costs and the accrued interest.”

Mid-West is troubled by the very soft language on financial repayment expectations, though we do recognize this reiterates statutory language. Mid-West’s members pay a cost-based rate for federal facilities that fully recapture federal costs. Since Western has not clarified this language in its Federal Register notice, does that mean Western intends to use a different methodology in setting rates for transmission projects constructed under this authority?

The “Policies and Practices” of this section only requires that Western isolate costs associated with projects funded under this authority. The project costs need not only to be isolated in Western’s accounting, but also must be assigned to the rate and repayment responsibility of parties using the new project.

Project Evaluation: Again, the criteria to be used in evaluating projects merely mimic the statutory language without further explanation. First and foremost, Western’s evaluation must assure that a new project:

- will not adversely affect transmission rates for existing Western firm power and/or transmission customers;
- will not adversely affect the existing transmission system’s operations or reliability;
- will not adversely affect services to Western’s firm power customers.

Western’s FRN on Project Evaluation notes that the project should facilitate the delivery of renewable energy resources to market, but does not require that a renewable energy project have a market customer. While Mid-West does not expect a project to be built before inclusion in this program, to make best use of federal dollars and to ensure project viability and repayment capability, it would seem prudent for the proposed renewable energy project to have a customer(s) lined up.

Western notes that it may choose to use outside expertise in evaluating §402 projects. As a means of managing personnel costs and work loads, Mid-West agrees that Western should be able to use outside consultants in making evaluations. However, to ensure the transparency of the process, Western should require potential contractors to disclose potential conflicts of interest – i.e. instances where the contractor has done or is doing work for an entity seeking participation under this new authority – before awarding any contracts.

Western does not define what constitutes “in the public interest.” Mid-West believes that definition of public interest should include:

- no adverse impacts on Western’s rates or operations in meeting its core mission responsibility – marketing and delivery of federal hydropower;
- minimizing environmental impacts;
- minimizing rights-of-way requirements;
- minimizing, to the extent possible, use of federal eminent domain authority, and, where needed provides fair and adequate compensation for rights-of-way so acquired;
- siting to accommodate more than one renewable energy project(s); and
- siting to meet other transmission needs in the area.

Western’s Project Evaluation Policies note that Western will establish additional evaluation factors as necessary. Mid-West agrees – particularly given the paucity of criteria and lack of specificity in this initial FRN. To ensure transparency, Western should initiate a public process for developing such additional evaluation factors.

Project Development and Operations and Maintenance: Western should employ a transparent process in developing projects under its new authority, to:

- provide opportunity for additional participation by other parties;
- demonstrate separation of new project costs from Western’s existing transmission systems; and
- demonstrate protection of Western’s existing transmission system – both financial and operational.

Western notes that it will consider projects under this new authority separately from its responsibilities under its Open Access Transmission Tariff (OATT); will give higher priority to these new projects than its current OATT responsibilities or “*related interconnection agreements* [emphasis added].”

Mid-West thinks this section of the FRN requires further analysis and consideration. Mid-West does not agree that Western’s newly authorized activities should take precedent over Western’s ongoing obligations. To do so does more than suggest that Western is relegating its core mission to secondary importance. Furthermore, in administering this new authority, Western must coordinate with the many ongoing regional transmission planning activities throughout its territory to ensure the best siting and use of new transmission.

Project Rates and Repayment: This section fails to incorporate a key element of the statutory language that states: “Revenue from the use of projects under this section *shall be the only source of revenue* [emphasis added] for – (A) repayment of the associated loan for the

project; and (B) pay of expenses for ancillary services and operations and maintenance (§301(c)(3)).” Similarly, the “Principles” noted at the beginning of the FRN do not note this limitation on use of Western’s revenues. Why?

Mid-West does not support Western using other revenues to provide financial support for §402 projects; and the statute, in fact, prohibits it.

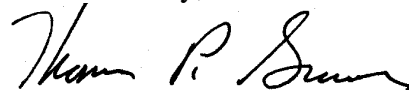
This section also references Western setting transmission rates, but does not limit that description to §402 projects. Why? Again, the statutory language cited above is very clear as to Western’s obligations and responsibilities on repayment. Mid-West does not think that costs or rates for §402 projects should be bundled in with other Western transmission actions. The statute is clear; Western’s proposed “Program Rates and Repayment” are not: Western’s firm power customers are not to be the pack mules to bear additional costs of §402 projects that participants are unable or unwilling to shoulder.

The Federal Register notice does not address policies or procedures relating to treatment of debt incurred by Western for a project under development that fails to materialize or a finished project that does not fully recover its costs. Again, the statutory language is clear and unequivocal. Such unpaid amounts “*shall* be forgiven [emphasis added].”

Mid-West raises this point because at a recent hearing before the House Natural Resources Subcommittee on Water and Power in response to a question, Western Administrator Tim Meeks suggested that, in the event of a failure to repay a U.S. Treasury loan made pursuant to §402, Western might seek an appropriation to repay the debt.

Under current law, Western does not have the authority to do so. As noted earlier, the sole source of funds to repay the federal debt incurred in undertaking §402 projects is revenues derived from the transmission rate of each project. If Western were to seek appropriations to pay for unrecovered costs, there is no assurance that those costs would be deemed non-reimbursable or that Western’s firm power customers would not end up paying for these §402 costs unrelated to the marketing and delivery of federal hydropower.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas P. Graves".

Thomas P. Graves
Executive Director

From: Mohave Sun Power
To: <txprogram@wapa.gov>
Date: 4/3/2009 5:12 PM
Subject: public comments to Western Transmission Infrastructure Program

Regarding Western's Transmission Infrastructure Program ("Program") for Recovery Act funding, we submit the following public comments. All of these comments are to better clarify the "Project Readiness" criteria critical to the Program's success. They are characteristics of projects that have a higher chance of getting financed with provisions of the Recovery Act:

1. We believe that Western should put a higher priority on projects that are already in a Western LGIP queue. The justification for this higher priority is that these projects have made substantial progress and investment compared to sites that are not yet in the Western queue. They also have a better chance of beginning construction by the end of 2010, and can therefore take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act.
2. We believe that Western should put a higher priority on projects that are sited on private land. The justification for this higher priority is that the permitting required for projects on private land can be accelerated as compared to projects sited on State or Federal land. Bypassing State and Federal land grant bottlenecks, they also have a better chance of beginning construction by the end of 2010, and can therefore take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act.
3. We believe that Western should put a higher priority on projects that have established site control. The justification for this higher priority is that these projects have a better chance of beginning construction by the end of 2010, and can therefore take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act. There is also less risk that a project will be selected for the Program and withdrawn later due to site control "fatal flaw" issues that come up after the Program has invested in the project.
4. We believe that Western should put a higher priority on projects that are adjacent to, interconnecting with, and/or constructing new transmission lines in Section 368 Energy Corridors and/or Utility Corridors. The justification for this higher priority is that the NEPA permitting (EIS) has already been conducted for the transmission line right-of-way, and development and permitting delays will be minimized. Another advantage is the potential to have natural gas pipelines in the Energy/Utility Corridor, which can provide backup fuel for the renewable project, resulting in a minimization of NEPA permitting boundaries and time, as well as better utilization of the products available in the Energy/Utility Corridor. They also have a better chance of beginning construction by the end of 2010, and can therefore take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act.
5. We believe that Western should put a higher priority on solar generator projects over wind generator projects, because solar

generators better track the electrical peak load profile.

6. We believe that Western should put a higher priority on solar generator projects with energy storage capability over those without, because solar generators with energy storage better track the electrical peak load profile.

7. We believe that Western should put a higher priority on projects that use proven and financeable technologies (e.g., parabolic trough, molten salt storage) over projects that use emerging technologies (e.g., Stirling dish, linear Fresnel concentrators, solar chimney, solar tower). The justification for this higher priority is that proven technologies have a better chance of beginning construction by the end of 2010, and can therefore take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act. They also have a better chance of being financed and built.

8. We believe that Western should put a higher priority on projects that have completed a System Impact Study (SIS). The justification for this higher priority is that these projects have made substantial progress and investment compared to sites that have not completed the SIS. This significant technical milestone gives the project a better chance of beginning construction by the end of 2010, therefore being able to take full advantage of the solar Investment Tax Credit cash grant provision of the Recovery Act.

Respectfully submitted,

Greg Bartlett & Mitchell Dong
Mohave Sun Power LLC

From: Greg Bartlett
To: <txprogram@wapa.gov>
Date: 4/3/2009 5:28 PM
Subject: public comments to Western Transmission Infrastructure Program

Regarding Western's Transmission Infrastructure Program for Recovery Act funding, we submit the following public comment.

Western's Mead Phoenix Project (MPP) 500 kV transmission system is located in a prime region for renewable energy projects, both solar and wind. MPP was originally designed as an HVDC system. It has been operated as an AC transmission system since it first came online. There is a finite probability that the MPP will one day be converted to HVDC. Large generators connected to the MPP are required (by the MPP LGIP Agreement) to bear the financial burden of any conversion at their facility (or change their interconnection to an alternate AC transmission system). Both options are extremely expensive to the renewable energy facility.

We request that Western, the largest Participant in the MPP, establish a reserve account to be used for financing the HVDC conversion of MPP-connected renewable energy generators, if MPP is so converted in the future. This will encourage renewable projects to connect to the MPP, and will help them to get financed. Without this reserve, it will be difficult for developers to get their MPP projects financed, due to the risk of substantial conversion costs occurring at an unknown time.

Respectfully submitted,

Greg Bartlett
Mohave Sun Power LLC

April 1, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Re: Comments on Notice of Proposed Program and Request for Public Comments to Implement Section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Dear Madam or Sir,

Thank you for the opportunity to provide comments on the Western Area Power Administration (Western) Recovery Act authority to construct transmission lines to assist in the delivery of renewable resources to market.

Missouri River Energy Services (MRES) is a joint action agency that provides electric energy and services to 60 communities that own and operate electric systems in the states of Minnesota, Iowa, North Dakota, and South Dakota. Fifty-nine of the 60 MRES members receive hydro power from Western. A power supply contract exists between each municipality and Western through 2020. Each municipality has a demand and energy allocation with Western which represents 25 percent to 90 percent of the municipality's total power supply. In aggregate, these municipalities represent over 20 percent of Western's Upper Great Plains Region firm allocations. Thus, any action that Western undertakes has a direct impact on most of our members and the customers they serve.

The Western website explains that the Recovery Act provides Western new authority to construct transmission lines to deliver renewable resources to market and, importantly, provides a source of funds for this activity. Program goals are to:

- 1) Construct and/or upgrade transmission lines to help deliver renewable resources to market.
- 2) Select, study, and/or build projects under this authority that are in the public interest.
- 3) Solicit input in identifying projects.
- 4) Ensure projects do not adversely impact system reliability or operations, or other statutory obligations.
- 5) Ensure projects are economically feasible and are adequate to repay project costs.
- 6) Leverage borrowing authority by partnering with others.

MRES provides the following comments on Federal Register Notices regarding Western's new authority:

Protect federal hydro-power customers.

MRES values its working relationship with Western. MRES is proud of Western's history in providing clean, reliable cost based power and energy from Federal hydropower resources and ensuring the reliability and availability of Western's transmission system for such deliveries to its customers. This system has been the basis for providing dependable, cost-based electricity in the Northern Plains region. MRES understands firsthand and has been supportive of the need for additional transmission in the

region; however, we are not certain that Western is equipped or structured appropriately to take on an expanded mission.

Western's core mission is delivering cost-based Federal power to preference customers. The Recovery Act provides for a similar but expanded role for Western: building transmission to deliver renewable energy ("Stimulus Transmission"). MRES is concerned that this new authority will supplant Western's core mission of delivering hydro to federal hydropower customers. In its Strategic Plan, Western emphasized that they face an increasing squeeze on federal appropriations to achieve the core mission. Due to lack of federal funding, Western has asked for monies from its customers, not only for maintenance, but for administrative and general expenses as well. These requests have increased over time. MRES has serious concerns, that with an expanded mission, more issues will result and not only have an effect on the level of service to its existing customers, but it may come at a higher cost to the federal hydropower customers.

Cost allocation and rate-making procedures need to be further defined and discussed.

Although, Western has outlined principles to provide overarching guidelines to implement Western's authority under the Recovery Act, a specific program has not been drafted for stakeholders to provide feedback. For example, how will ancillary services be acquired and priced to support the energy transported on the Stimulus Transmission? Many renewables cannot provide the necessary generation related ancillary services. Is Western going to provide ancillary services from the Missouri River generation facilities? If so, how will that be accounted for? Will federal hydropower firm customers get a credit? How will those ancillary services provided currently be allocated between support of renewable transmission, firm preference power deliveries, and Integrated System (IS) service?

Interconnecting the Stimulus Transmission with the existing system introduces many questions on cost allocation and rate recovery. From a cost allocation perspective, what are the criteria for allocating costs? How will Western keep the Stimulus Transmission costs separated from the existing cost for the IS? If an existing line is rebuilt, do Stimulus Transmission customers help pay for the existing line, plus an additional amount for the upgrade? Can Western have two different prices for transmission service under its current Open Access Transmission Tariff (OATT)? If not, how will Western modify its OATT to account for the different services? If the interconnection customers to the Stimulus Transmission are a direct beneficiary of the existing system, costs should be allocated to the Stimulus Transmission customers proportionally.

Clear pricing and cost allocation policies should be established well in advance of building the system and vetted by existing customers, developers and the other stakeholders know the costs and benefits. To resolve potential cost shifting to preference power customers, the Stimulus Transmission should seriously look at becoming a transmission operator in the Midwest Independent System Operator (MISO). MISO provides the market conducive to renewable development not the IS.

Adequate rate recovery must be required from customers of the Stimulus Transmission so as to meet Western's financial repayment obligations and the current customers are not used as the backstop. MRES fears that cost allocation methods developed in a vacuum and lack of transparency in the process will lead to higher costs for federal power customers who will likely not benefit from the Stimulus Transmission.

Coordination with regional transmission groups is critical.

The existing transmission system in the Northern Plains is part of an overall regional transmission grid operated on a coordinated basis with other interconnected transmission systems throughout the Upper Midwest and Eastern United States. This coordination and interconnection ensures a high degree of reliability across much of the United States. MRES comments assume that the Stimulus Transmission would be interconnected with the existing interconnected system.

This interconnected system has been developed over decades with the input and assistance of many utilities. It is a very complicated and time-consuming process. To maintain reliability of the system, it is paramount that planning needs to be done on a regional basis, at a minimum. Not aligning with the processes that have been in place could balkanize the grid. This would not only lead to inefficient development but could create reliability issues.

Regional planning groups have identified routes and facilities needed on the eastern edge of the northern plains region to transmit more energy from the wind rich Northern Plains to the markets east. One of the best examples of a regional planning group in the Upper Northern Plains is CapX 2020. CapX 2020 is a joint initiative of 11 transmission-owning utilities in Minnesota and the surrounding region to expand the electric transmission grid to ensure continued reliable and affordable service. The CapX 2020 utilities are currently in the regulatory process for the construction of three 345 kV and one 230 kV transmission lines in the states of Minnesota, South Dakota, North Dakota, and Wisconsin. These projects are referred to as the CapX Group 1 projects. These lines total about 700 miles in length and represent over \$1.7 billion in investment.

In addition to the work that the CapX utilities are doing, on Tuesday, March 31, 2009, the Minnesota Transmission Owners (MTO) released several reports which present the results of a variety of studies done to identify electric transmission system requirements necessary to support the Minnesota Renewable Energy Standard milestones. The recommendation for the next project, to build upon the foundation of the CapX Group 1 facilities, is to replace the existing 60-year old 230 kV line between Granite Falls and the SW Twin Cities area with a new double circuit 345 kV line. This new facility would cost approximately \$350 million, and would be targeted to be in service late 2016. This "Corridor" project would provide approximately 2,000 MW of additional network transfer capability, meaning a significant increase in the ability of the network to transport renewable energy from good sources in the west to load centers in the eastern part of Minnesota. Another project identified in this group of studies is a new line in southwestern Wisconsin as a prerequisite for any additional significant increases in transfer capability for renewables beyond that created by the Corridor project. The combination of the Corridor project, plus a new Wisconsin line, would increase the system transfer capability to approximately 3,600 MW.

Western should become involved with these groups so that Western can leverage the work that has been done and is being done to create significant new transmission capability in the Northern Plains. MRES encourages Western to communicate and coordinate with regional planning groups so the interconnected system can maintain high levels of reliability while transporting more energy from generation resources to load centers. Western will better utilize the stimulus money by coordinating with these types of groups so duplicative tasks are not performed.

Continued public participation is in the public interest.

MRES believes these first Federal Register Notices should only be the beginning of a structured public participation process. It is in the taxpayers' and federal hydro customers' best interest to make sure that process is open and transparent. Participation by regional planning groups is only a part of this process. Other stakeholders need to be involved from customer groups, developers, landowners, etc. There needs to be periodic opportunity to discuss options so as to obtain feedback from stakeholders. This will facilitate the siting and permitting issues.

Focus the proceeds on siting, permitting, and other regulatory processes.

It is very important to access resources from non-Federal entities to acquire the most benefit from taxpayer dollars. Although the country is experiencing credit issues, MRES believes finding non-federal parties to finance construction of transmission facilities is the smallest of the hurdles to overcome. Recent announcements by companies have shown interest in building and owning such infrastructure. Preference power customers have shown interest in owning transmission.

The biggest obstacles consist of siting and permitting requirements required by the federal, state, and local levels. This is where Western could fit in. Utilizing Western's authority more towards the ability to plan and site, while using non-federal sources for financing and ownership, would expedite the installation or upgrade of these facilities. Such an approach would encourage private investment and not attempt to displace it and would be a perfect example of how to meet and represent a key example in satisfying the program goal of leveraging the borrowing authority by partnering with others.

MRES would encourage seeking the upgrade or use of existing corridors option before utilizing additional land for the construction of transmission facilities. Such an option would enable a better utilization of natural resources along with development more timely installation process.

Summary

MRES is most concerned about the potential impact to federal hydropower customers with Western's new authority. Expansion of Western mission could stretch the already limited resources used to maintain service for its core mission of delivering federal hydropower to preference customers. Develop an open and transparent dialogue between Western, customers, developers, landowners and other stakeholders in the planning process. A more robust public participation process needs to be developed to allow stakeholders to express opinions on cost allocation, rate recovery, siting, and permitting. Avoid possible duplication of planning and building by coordinating with the regional transmission groups. Focus stimulus dollars on streamlining the siting and permitting of transmission, while encouraging non-federal investment in the building and ownership of the facilities. MRES emphasizes the importance of allowing for public input at various points in the process so stakeholders can react to the options being considered.

Sincerely,



Jeff M. Peters,
Director, Marketing and Development



April 2, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

RE: Transmission Infrastructure Program Practices and Policies

Dear Western,

I am writing in response to the March 4, 2009 Federal Register Notice regarding practices and policies to implement the Transmission Infrastructure Program. In Montana transmission lines proposed under the program will need to comport with substantive findings required under the Major Facility Siting Act (75-20-301, MCA) and administrative rules implementing this section. This includes working with Montana Department of Environmental Quality (DEQ) to make the following findings before moving forward with a project:

- (a) the basis of the need for the facility;
- (b) the nature of the probable environmental impact;
- (c) that the facility minimizes adverse environmental impact, considering the state of available technology and the nature and economics of the various alternatives;
- (d) in the case of an electric, gas, or liquid transmission line or aqueduct:
 - (i) what part, if any, of the line or aqueduct will be located underground;
 - (ii) that the facility is consistent with regional plans for expansion of the appropriate grid of the utility systems serving the state and interconnected utility systems; and
 - (iii) that the facility will serve the interests of utility system economy and reliability;
- (e) that the location of the facility as proposed conforms to applicable state and local laws and regulations, except that the department may refuse to apply any local law or regulation if it finds that, as applied to the proposed facility, the law or regulation is unreasonably restrictive in view of the existing technology, of factors of cost or economics, or of the needs of consumers, whether located inside or outside the directly affected government subdivisions;
- (f) that the facility will serve the public interest, convenience, and necessity;
- (g) that the DEQ has issued any necessary air or water quality decision, opinion, order, certification, or permit as required by 75-20-216(3); and
- (h) that the use of public lands for location of the facility was evaluated and public lands were selected whenever their use is as economically practicable as the use of private lands.

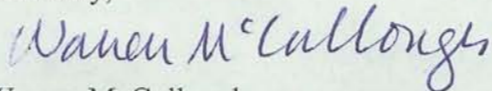
In determining that the facility will serve the public interest, convenience, and necessity under subsection (1)(f), the DEQ must consider:

- (a) the items listed in subsections (1)(a) and (1)(b);
- (b) the benefits to Western and the state resulting from the proposed facility;
- (c) the effects of the economic activity resulting from the proposed facility;
- (d) the effects of the proposed facility on the public health, welfare, and safety;
- (e) any other factors that the DEQ considers relevant.

When implementing this program, the Western Area Power Administration should consider completing upgrades to existing transmission lines before moving forward with new lines in the same area. Where land uses or other environmental values have changed since existing lines were constructed, Western should consider modifying line locations or line design to accommodate these changed conditions.

If you have any further questions, please contact Tom Ring at (4065) 444-6785.

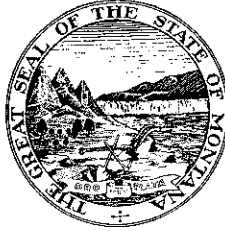
Sincerely,

A handwritten signature in blue ink that reads "Warren McCullough". The signature is written in a cursive style with a large, prominent "W" and "M".

Warren McCullough
Chief, Environmental Management Bureau

**PUBLIC SERVICE COMMISSION
STATE OF MONTANA**

Greg Jergeson, Chair
Ken Toole, Vice-Chair
Gail Gutsche, Commissioner
Brad Molnar, Commissioner
John Vincent, Commissioner



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April 2, 2009

Transmission Infrastructure Program
Western Area Power Administration
PO Box 281213
Lakewood CO 80228-8213

Dear Sir or Madam:

The Montana Public Service Commission (PSC) submits these comments in response to *Western's Notice of Proposed Program and Request for Public Comments* regarding the proposed principles, policies and practices Western will use to implement the Transmission Infrastructure Program that is meant to bring renewable energy resources to market.

Regarding Section IV-C of the Request for Public Comments concerning Western's establishment of factors to evaluate proposed transmission projects, the Montana PSC recommends that Western design its project review and evaluation process to include an advisory role for state utility commissions. State commissions' familiarity with their states' electric utility operations and transmission needs make them ideally situated to assist Western in the evaluation process. Like most state commissions, the Montana PSC has significant experience with various aspects of electricity transmission, ranging from our participation in regional transmission planning entities such as the Midwest Independent System Operator, the Northern Tier Transmission Group, and Columbia Grid to our regulatory authority over intrastate transmission.

Thank you for the opportunity to comment.

Sincerely,

Greg Jergeson
Chairman



NorthWestern Corporation
d/b/a NorthWestern Energy
40 East Broadway Street
Butte, MT 59701
Telephone: (406) 497-3000
Facsimile: (406) 497-2535
www.northwesternenergy.com

April 3, 2009

Mr. Timothy Meeks
Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Re: **DEPARTMENT OF ENERGY, Western Area Power Administration, Notice of Proposed Program and Request for Public Comments, 74 Fed. Reg. 9391(March 4, 2009): Comments of NorthWestern Energy**

Dear Mr. Meeks:

Introduction

NorthWestern Energy ("NorthWestern") appreciates the opportunity to submit these comments to the Western Area Power Administration Notice ("Notice") of March 4, 2009, 74 Fed. Reg. 9391, regarding the proposal to adopt a Transmission Infrastructure Program "to implement section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed." 74 Fed. Reg. 9391.

NorthWestern is an electric and natural gas transmission and distribution utility conducting business in the States of Montana, South Dakota, Nebraska, and North Dakota. NorthWestern is incorporated in the State of Delaware and owns and operates electric and natural gas distribution and transmission facilities located primarily in Montana and South Dakota. Specifically, NorthWestern provides electric utility service, in both interstate and intrastate commerce (at both wholesale and retail), in South Dakota and Montana, as well as a *de minimis* electric service in Wyoming, and natural gas service on a local distribution basis in Montana, South Dakota, and Nebraska. NorthWestern's electric operations in Montana (see graphic) provides regulated electric and natural gas transmission and distribution services to approximately 300,000 electric customers and more than 150,000 natural gas customers in the western two-thirds of Montana. The Montana operations are located within the Western Electricity Coordinating Council; the South Dakota operations are located within the Mid-Continent Area Power Pool. NorthWestern is registered as a Balancing Authority, Planning

Letter – Mr. Meeks
April 3, 2009
Page 2

Authority and Transmission Planner in Montana and a Transmission Owner in South Dakota.

WAPA should develop clear, consistent and fair rules for the selection of projects under the Transmission Infrastructure Program

The process of selecting projects for participation in the Program is not set forth with any particularity. The rules of the game should be clear, consistent, and fair. To make the rules for selecting projects under the Program while at the same time asking interested parties to submit their projects for consideration is an odd process and poses many difficulties for interested parties which are submitting SOIs. WAPA should either allow interested parties to supplement their SOIs or WAPA should refrain from reviewing the projects until it has the “rules of game” settled for the Program.

The goals and principles of the Program should include two significant criteria that are specified in the Recovery Act – job creation and long-term economic benefit. The Recovery Act’s intent is not only to spur renewable energy growth through moving the resource from remote locations to load centers but also to provide immediate job creation and build long-term economic benefit. NorthWestern believes those elements should be part of the analysis performed by WAPA in selecting projects under the Program.

The Program should also make sure that transmission development by IOUs and other private parties is not disadvantaged. There is significant investment in transmission lines planned in the WAPA service territory and the rules of the Program should not create an uneven playing field for those projects.

WAPA should leverage its borrowing authority to the maximum extent possible.

NorthWestern believes that WAPA should spread or leverage its borrowing to the maximum extent possible to encourage as many projects as possible under the Program. In this regard, WAPA may wish to consider the purchase of unsubscribed capacity of a transmission line project to make sure a project is constructed. WAPA would hold those rights to that capacity for a period of time and when additional generation expresses an interest to use the transmission line, WAPA could then sell those rights and use the proceeds to enhance its borrowing authority.

WAPA should encourage the participation of IOUs in the Program to ensure the development of transmission projects that will bring remote renewable energy to market.

IOUs like NorthWestern have extensive experience in planning, financing, constructing, and operating transmission projects. That experience would provide a great reservoir of resources for WAPA in devising a Program that meets the goals of the Recovery Act.

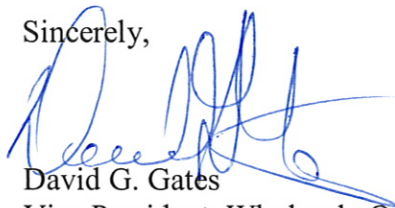
Letter – Mr. Meeks
April 3, 2009
Page 3

Conclusion

NorthWestern is in the process of developing four significant projects that are needed to help bring remote renewable resources to market and remains committed to building the necessary transmission to aid the region in meeting its energy goals. Given the scope of the transmission lines that need to be built to meet the Nation's goal of a clean energy economy, it is necessary for WAPA and IOUs to work together to bring renewable energy to market.

We appreciate the opportunity to submit these comments and look forward to your response.

Sincerely,



David G. Gates
Vice President, Wholesale Operations

From: donald Oswald
To: <txprogram@wapa.gov>, <txprogram@wapa.gov>
CC: KCEDF, Dan Hurd
Date: 3/29/2009 12:20 PM
Subject: public comment onto transmission line placement

To Whom This May Concern,

Noted that public comment has been requested onto placement of new electric transmission lines, my input is that badly needed is a system from the Lamar, Colorado substation outward each direction.

The basis for this view is that a large wind farm already exists and produces all the power which can be carried by the present line to the west from the region just south of Lamar extending into Bent County. Additional wind projects are on the drawing board which cannot get power outward without new transmission lines. Tri-State has lines around Arapahoe, Colorado heading north and another around Vilas, Colorado traveling north to the Lamar substation. These lines are for all purposed full now. Projects in Kiowa, Cheyenne, Kit Carson, Prowers, Bent, and Baca counties are on hold until transmission lines are available. From Lamar substation Tri-State has recent studies/plans to put in transmission lines heading west, north, northwest to the front range communities and connections to the western states and southwest into New Mexico. A connection from Lamar into Kansas at the Holcomb/Garden City coal plant was planned until the coal generation expansion was stopped. Numerous wind projects are being built in Kansas and Oklahoma which could also be made available for the Western States from this transmission package. Thereby would appear that transmission line from Lamar substation in each direction would be a huge benefit to power users from all parts of the Plains into the West.

Thank you for your considerations and time.

Sincerely,

Donald Oswald
Commissioner of Kiowa County, Colorado



P.O. Box 840
Denver, Colorado 80201-0840

April 3, 2009

Mr. Timothy Meeks
Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Dear Mr. Meeks:

Public Service Company of Colorado ("Public Service") appreciates the opportunity to submit comments on Western Area Power Administration's (Western), Transmission Infrastructure Program (TIP) as proposed in the Federal Register Notice dated March 4, 2009.

The American Recovery and Reinvestment Act of 2009 (ARRA) in section 402 provides borrowing authority to Western for the purposes of:

"constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by the Western Area Power Administration; and delivering or facilitating the delivery of renewable energy resources constructed or reasonably expected to be constructed"

Public Service is encouraged by Western's extension to public utilities the opportunity to participate in the development of Western's Transmission Infrastructure Program. However, there are some questions related to the opportunities extended to companies such as Public Service that are outlined below.

TIP requires projects under this program to have at least one terminus within the area served by Western. Is it Western's position that this qualification requires a project to emanate or terminate at a Western Substation; or can the project emanate and terminate at non-Western substations within Western's service area and satisfy this criterion?

Rather than Western ownership, is Western willing and able to loan ARRA funds under the TIP to public utilities with an associated repayment of the loaned funds rather than a subscription for transmission service?

Is Western willing and able to fund and construct new or expanded transmission and then transfer the facility to a public utility with associated repayment?

Is Western willing to partner with public utilities for the constructing, financing, and planning of new or upgraded transmission projects? If so, would Western require that those new or upgraded facilities be operated by Western?

Public Service appreciates clarification by Western in regard to our specific questions listed above as well as general program information.

Public Service is pleased with Western's willingness to propose a program to encourage the development of transmission facilities within Western's service area. Public Service currently has ambitious plans to expand transmission in Colorado and we are interested to see if the TIP funds can facilitate that development. It is Public Service's hope that the final structure of the program will result in the construction of new transmission facilities and that such projects will be cost effective to the customers taking service on these lines.

Sincerely,



Karen T. Hyde
Vice President, Rates and Regulatory Affairs
Xcel Energy Service Inc

Cc: Tim Taylor, Public Service Company
Chairman Binz, Chairman, Colorado PUC
Comm. Tarpey, Commissioner, Colorado PUC
Comm. Baker, Commissioner, Colorado PUC
Tom Plant, Director, Governor's Energy Office



Dustin Johnson, Chair
Steve Kolbeck, Vice Chair
Gary Hanson, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

RE: Comments of the South Dakota Public Utilities Commission on the Western Area Power Administration ("Western") proposed Transmission Infrastructure Program

Dear Western:

The South Dakota Public Utilities Commission ("SD PUC") submits these comments in response to Western's Notice of Proposed Program ("Notice") concerning its Transmission Infrastructure Program ("TIP" or "Program"). We would first of all like to note that both the public power sector in South Dakota and the Upper Great Plains and the investor-owned utilities regulated by the SD PUC have long enjoyed a cooperative relationship with Western that has served our citizens well.

The SD PUC expresses its support for the Program and for what Western has been able to accomplish so far under the pressing time constraints imposed on all of us by the stimulus purposes of the Recovery Act. Western's historical mission has been to deliver renewable energy - hydropower from federal hydro facilities such as the four Missouri River mainstem dams in South Dakota - to the citizens of the West and Midwest. It is a logical and natural extension of this mission for Western to play an important role in enabling the next generation of large-scale renewable energy development and delivery.

The Dakotas are home to some of the best wind resources in the world. The SD PUC, like the citizens of South Dakota and their other elected state representatives, has consistently supported the responsible development of this resource, both for the economy of this state and for the well-being of the nation and the environment. With the President and the Congress having announced policies to aggressively transition America's energy mix over to renewable resources, the SD PUC believes that the resources of South Dakota and the Northern Plains region will have a very important contribution to make in achieving this objective. The construction of robust transmission facilities to move renewable generation to load centers is critical if this policy is to be transformed from commendable intention into concrete reality. The SD PUC welcomes the contribution that Western's Program can make.

In keeping with Western's history of cooperatively working with state agencies, including state public utility commissions, on facility siting and project development, the SD PUC wishes to join with the other states in Western's service territory in urging Western to give state commissions a meaningful role in the planning and selection process. State commissions are the agencies ultimately accountable to the electric consumers and electorates of our several states. This is what we do. In this role, the SD PUC is an active member of the Organization of MISO States and the Upper Midwest Transmission Development Initiative. As Western well knows as a major balancing authority operator, the electric generation and transmission system is inherently an interdependent system. The reliability and cost consequences of transmission decisions do not respect state boundaries and will ultimately be borne by the constituents whom we, as Commissioners, have been elected or appointed to represent and to whom we are accountable. The SD PUC accordingly requests that Western's planning and approval process for the Program include the active participation of state commissions and regional transmission and reliability organizations in Western's service territory.

The SD PUC offers the following additional comments on the proposed Program. First, we urge Western to give thought to the timing of the Request for Interest ("RFI") process. We understand "shovel ready" and the time pressures that the stimulus purposes of the Recovery Act impose on Western. Nevertheless, the SD PUC believes that in systems as complex and interdependent as the Eastern and Western Interconnections, it is important to get it right – both to ensure that the investments funded by the program achieve the maximum bang for the buck and also to ensure that the secondary consequences of such investments, including reliability, operational and cost effects, both direct and indirect, are thoroughly vetted. In the case of large-scale renewable energy inputs from resources such as wind generation, secondary effects such as system regulation and ancillary service demands can take on a different scale of significance than are presented by legacy resources. We urge Western to consider whether the RFI process ought to either be extended for a short time, until after the Program process and substantive details have been finalized, or leave open the opportunity for a second round of proposals that either emerge from the planning process itself or from interested persons in response to what the planning process may reveal.

Second, the SD PUC urges Western to carefully consider cost allocation, including the identification of and responsibility for indirect costs of TIP projects, such as those on existing users of the Integrated System. We recognize that the Recovery Act imposes certain requirements on Western regarding repayment of TIP loans. We nevertheless urge Western to be mindful that implementing an aggressive national renewable energy policy poses challenges distinct from the narrowly focused and largely incremental improvements dictated by the traditional generation and transmission system itself. Recent bills introduced in Congress recognize this through consideration, for the first time, of the appropriateness of measures such as interconnection-wide cost sharing for projects designed to achieve a national renewable energy policy objective as opposed to, for example, resolving a nodal constraint. We urge Western to give careful consideration to these issues after allowing for input from affected state commissions, utilities and regional transmission organizations and planning entities.

Finally, we would ask that Western give consideration to regional equity in its decisions regarding TIP project approval. Western's territory covers a diversity of geographic and demographic areas, each with its own set of issues regarding the need for, and consequences of, transmission improvements. The region includes some of the most heavily populated areas in the nation, several of the wealthiest communities in the nation and large tracts of sparse population and resulting lengthy transmission spans in areas such as the Dakotas. It is important that we all have an opportunity to share in the benefits from the investments to be made from the TIP funds. In particular, the SD PUC would note the special challenges attending the provision of access to the transmission system to accommodate the renewable resource potential of tribal lands located in South Dakota and other states in the region and the important role that Western has played, and can play with TIP projects, to open up that potential for the benefit of our Native American peoples.

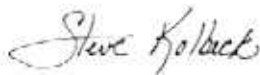
We thank Western for the opportunity to comment, and we look forward to working cooperatively with Western as we enter this new and exciting chapter in our Nation's future.

Sincerely,

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION



Dustin Johnson
Chairman



Steve Kolbeck
Commissioner



Gary Hanson
Commissioner

From: Ed Roman
To: <txprogram@wapa.gov>
CC: "Howard Hirahara"
Date: 4/3/2009 10:30 AM
Subject: SMUD'S COMMENTS AND QUESTIONS ON THE PROPOSED TIP
Attachments: AGM ES 09-006 Commnet Letter on TIP.pdf

Attached are comments of the Sacramento Municipal Utility District (SMUD) on the proposed principles, policies and practices that the Western Area Power Administration (Western) plans to use to implement the authority provided to it in section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act). These comments are provided in response to the Notice of Proposed Program and Request for Public Comments as posted by the Western Area Power Administration (Western) in the Federal Register, Vol. 74, No. 41, page 9391, on March 4, 2009.

SMUD appreciates this opportunity to provide feedback and ask for clarification as indicated in the attached letter. We look forward to Western's responses.

Please contact me if you have any questions. Thank you.

<<AGM ES 09-006 Commnet Letter on TIP.pdf>>

Edward J. Roman, P.E.
Principal Power Contracts Specialist
Energy Trading & Contracts Department
Sacramento Municipal Utility District
Mail Stop A-404
P.O. Box 15830
Sacramento CA, 95852-1830

Sent via e-mail to txprogram@wapa.gov

April 2, 2009
AGM/ES 09-006

Transmission Infrastructure Program (TIP)
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228- 8213

RE: SMUD'S COMMENTS AND QUESTIONS ON THE PROPOSED TIP

This letter provides comments of the Sacramento Municipal Utility District (SMUD or District) on the proposed principles, policies and practices that the Western Area Power Administration (Western) plans to use to implement the authority provided to it in section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act).

SMUD is both a Central Valley Project (CVP) water and power contractor, and is the largest CVP Preference Power Customer of Sierra Nevada Region (SNR) of the Western Area Power Administration, providing not only significant contributions to the Central Valley Project Improvement Act (CVPIA) Restoration Fund but a large share of the repayment of the CVP plant-in-service and Operations and Maintenance (O&M) costs allocated to power. The District has a major financial interest in the prudent management of the CVP facilities and resources and how the Recovery Act funds will be used to develop projects that will deliver renewable power to load centers such as that which SMUD serves in the Sacramento area.

SMUD was formed by a vote of the electorate in 1923, under provisions of the State of California Municipal Utility District Act, and began electric operations in 1947. The District is governed by an elected Board of Directors (Board) and has the rights and powers to fix rates and charges for commodities or services furnished, to incur indebtedness and issue bonds or other obligations, and, under certain circumstances, to levy and collect ad valorem property taxes. The District is responsible for the acquisition, generation, transmission, and distribution of electric power to its service area, which includes most of Sacramento County and a small adjoining portion of Placer County.

In implementing the authority granted to Western in section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act), Western identified several principles which provide Western the overarching guidance needed to carry out its newly adopted Transmission Infrastructure Program (TIP). SMUD wishes to emphasize the importance of the following Principles and welcomes any clarification that Western can provide:

1. That the TIP would not adversely impact system reliability or operations or other of Western's statutory obligations.

It is critically important that any new transmission infrastructure facility that is built or upgraded as part of the TIP not degrade the reliability, impose new obligations, or increase the costs that would otherwise exist to Western's existing preference customers under the contracts they have with Western for power supply needs or transmission services. On the other hand, it is acceptable if not encouraged to approve projects that will enhance the reliability or operations of Western's existing transmission system.

The Preference Power Customers want to ensure that Western's original core mission of reliably delivering, cost-based carbon-free federal hydropower resources remains intact.

2. That TIP undertake sufficient investigation and analysis to be able to determine that there is a reasonable expectation that the proceeds from any project developed or financed under the program will be adequate to meet Western's financial repayment obligations.

Western needs to do enough research for each proposed project to be funded under TIP to gain adequate information to make a reasonable determination that the party or entity to which loans will be made for a proposed project will be capable to repay Western. Western will need to be comfortable that the proposed project will have long-term uses which support a revenue stream that is adequate to meet the repayment obligations of the associated loan made by Western. Such careful analysis will help to ensure that the existing Western project rates or revenue requirements are not increased as a consequence of this program and that existing customers understand the criteria that will be applied to recruit, select and implement any transmission infrastructure facility financed through Western's new borrowing authority.

Through Western, the Preference Power Customers have been diligent with their payments and funding accommodation to assure that Western meets its repayment obligations to the U.S. Treasury; this ensures that repayment of the federal investment occurs. Western's power-marketing plans in turn provided these customers a stable power supply at cost-based rates; this has been handled by allowing the customers to enter into long-term contracts to purchase the hydropower generation and transmission resources, and by paying all of the federal investment in generation and transmission facilities (with interest), all power-related operation and maintenance costs, and associated environmental costs. The existing power customers do not want any failed repayment obligations from a project established under the TIP to burden them with additional, unintended repayment obligations.

3. That a public process will be used to set rates for Western-owned transmission capacity resulting from any new facilities developed as a result of Western's participation in such project.

An open, transparent process is very important as Western moves to establish how project loans will be repaid with interest. Western must follow its intentions to develop policies and procedures through a public process, to ensure the existing project rates are not increased through implementation of the TIP, and to ensure that customers understand the criteria that will be applied to recruit, select and implement transmission projects under TIP.

In addition to the above Principles, SMUD requests that Western address the following questions:

1. In a joint-project partnership arrangement where Western and another entity jointly finance and construct a transmission-related facility, what repayment options will exist to pay back any funding advanced by Western for authorized TIP projects? What are the ownership options for this scenario? If Western wants to retain ownership of the complete project once constructed, including the part that is financed by another entity, under such a partnership arrangement, what options exist for the entity that financed part of the project to be repaid by Western?
2. In a joint-project partnership arrangement where Western finances 100% of the capital costs of a transmission-related facility through TIP and where Western and the partnership entity each will hold title to part of the joint project, what repayment options exist to pay back the funding advanced by Western for the part of the joint project that will be owned by the partnership entity?
3. Will Western allow a joint project to be constructed on property owned by Western or on land where Western has rights-of-way to construct a transmission-related facility? If so, will Western require that it retain or take title to the jointly built project?
4. What interest rate will be charged on the funds advanced by Western under the TIP? What will be the repayment term of the loan made by Western for a transmission-related facility?
5. In a joint-project partnership arrangement, once a joint project is constructed and put into service, will Western offer O&M services to the partner entity that retains ownership to part of the project? Would Western be willing to carry out routine and emergency maintenance tasks on the part of the project on which the partner has ownership, if the entity covers all of Western costs (whether or not the entity part of the project was financed by Western or not under the TIP)?

Thank you for allowing SMUD to provide feedback in this process. We look forward to Western's responses.

Sincerely,



James R. Shetler
Assistant General Manager
Energy Supply

cc: Tom Boyko, WAPA, SNR
Jim Beck, TANC
John DiStasio, SMUD



SALT RIVER PROJECT

POST OFFICE BOX 52025
PHOENIX, ARIZONA
85072-2025
(602) 236-5900

Emailed Only (txprogram@wapa.gov)

April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228-8213

Re: Western Area Power Administration's (Western) Proposed Transmission Infrastructure Program – Comments on Proposed Practices and Policies

To Whom It May Concern:

Pursuant to Federal Register Vol. 74, No. 41, March 4, 2009, the Salt River Project Agricultural Improvement and Power District (SRP) offers the following comments on Western's proposed practices and policies to be used to implement the borrowing authority granted Western in Section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act). SRP is both a customer of Western's as a contractor for federal hydro-power from multiple federal projects and a potential partner and/or customer of Western's under projects developed pursuant to this new authority. As such, SRP offers comments from both perspectives.

As an existing Western customer, SRP has significant interest in understanding how new facilities developed under this new program will be funded and accounted for from planning and evaluation through design, construction, on-going operations and maintenance, future rehabilitation and eventual retirement. Western must ensure that the costs borne by customers of existing projects are isolated and separate from any and all costs associated with all facets of projects under this new program. If Western elects to utilize existing staff to perform work associated with new projects, the time, overhead and expenses associated with that staff should be tracked and accounted for separately and the costs attributed to existing projects and customers should be adjusted and reflected in applicable project rates. Western must establish clear policies and procedures regarding the tracking and administration of costs and include processes that provide for consultation with existing customers and interested parties, and should include appropriate transparency and accountability.

In addition to proper cost accounting, Western must ensure that the rights, obligations and services associated with existing contracts are not diminished or harmed by new projects. As required by the Recovery Act, new projects must be shown to be self supporting and not “lean” on existing Western facilities and resources. Western should develop criteria and procedures to make certain that new projects meet this requirement.

SRP offers the following additional comments regarding implementation of Western’s Transmission Infrastructure Program:

1. Expansion of the transmission grid will be critical to furthering the national goals of expanding the use of renewable resources, energy independence, and the security and reliability of electric service. SRP applauds Congress and Western, and supports the development and implementation of this program.
2. As recognized by Western, the use of partnerships and joint participation will help to maximize the value and impact of the funds available through this program. To achieve this, SRP believes there should be an affirmative obligation for Western to actively seek and invite participation and joint ownership.
3. To provide guidance to potential project participants, Western should develop guidelines regarding acceptable forms of joint ownership, participation, long-term contracts, opportunities for future ownership, etc.
4. Regarding opportunities for participation, both the Recovery Act and Western’s Federal Register notice include a principle that suggests participants will be provided an opportunity to operate and maintain facilities developed under this authority. Western should actively solicit interest from project participants to provide O&M services and should support such provision of services if it can be done reliably and economically.
5. While Western is seeking Requests for Interest under a separate Federal Register notice to identify potential projects for the program, it is not clear how potential purchasers of transmission service will request access. Is access to service under this program outside of Western’s Open Access Transmission Tariff? Western should develop clear procedures defining how to access and contract for services from facilities developed under this program.
6. To ensure the most effective use of limited transmission corridors and the most widespread benefits, Western should establish procedures that ensure projects pursued under this program are consistent with regional and sub-regional transmission plans and are developed through and in accordance with the applicable regional planning processes.
7. This program includes both new facilities and upgrades to existing facilities. Western must establish procedures for developing the rate structure and rates for new facilities, and must establish procedures to define how costs and benefits will be divided between existing project rates and customer and new users for upgrades to existing facilities (see comments from existing customer perspective above).

8. While new transmission projects may be developed to directly interconnect with renewable generation facilities, it is important to recognize that upgrades to existing facilities may be required to deliver those resources to load. Western should recognize the value and importance of existing system upgrades that can facilitate the delivery of renewable resources that may be delivered to the existing system over transmission developed outside this Western process.
9. Western's procedures for response to the Request for Interest include a requirement for respondents to provide credit information. Although this program is primarily related to Western providing funding through this new borrowing authority, it will be important for Western to understand and carefully manage the financial risks associated with counterparties and partners. Western should explain how respondents' credit information will be factored into the evaluation of potential projects for funding.

As a member of the Colorado River Energy Distributors Association and an Associate Member of the Irrigation and Electrical Districts Association of Arizona, SRP also endorses and supports the comments submitted by these organizations.

SRP appreciates the opportunity to provide input to this process and looks forward to working with Western as this program moves toward implementation.

Sincerely,

A handwritten signature in blue ink that reads "Mark S. Mitchell". The signature is written in a cursive style with a large initial "M".

Mark S. Mitchell
Supervisor, Regulatory Affairs & Contracts

cc: Leslie James, Colorado River Energy Distributors Association
Robert S. Lynch, Irrigation and Electrical Districts Association



SALT RIVER PROJECT

POST OFFICE BOX 52025
PHOENIX, ARIZONA
85072-2025
(602) 236-5900

Emailed Only (txprogram@wapa.gov)

April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228-8213

Re: Western Area Power Administration's (Western) Proposed Transmission Infrastructure Program – Comments on Proposed Practices and Policies

To Whom It May Concern:

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As a member of the Colorado River Energy Distributors Association and an Associate Member of the Irrigation and Electrical Districts Association of Arizona, SRP also endorses and supports the comments submitted by these organizations.

SRP appreciates the opportunity to provide input to this process and looks forward to working with Western as this program moves toward implementation.

Sincerely,

A handwritten signature in blue ink that reads "Mark S. Mitchell". The signature is written in a cursive style with a large, stylized initial "M".

Mark S. Mitchell
Supervisor, Regulatory Affairs & Contracts

cc: Leslie James, Colorado River Energy Distributors Association
Robert S. Lynch, Irrigation and Electrical Districts Association



April 1, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Tri-State Generation and Transmission Association (Tri-State) is submitting these comments on the Western Area Power Administration's (Western) Notice of Proposed Program and Request for Public Comments (74FR9391). Tri-State appreciates Western's efforts to aggressively pursue implementing its obligations under Section 402 of the American Recovery and Reinvestment Act of 2009; however, Tri-State strongly recommends Western takes the time to carefully analyze the impacts of its proposed rules and to adopt unambiguous and transparent procedures that will ensure the benefits and risks associated with the program are known. Tri-State has several general comments and a number of specific suggestions on how Western can improve its draft procedures.

General Comments:

- In general the proposed procedures lack specificity. In order to ensure accountability for the expenditure of funds under this authority, the procedures must be more specific, without being confining. For example, the proposed procedures make little reference to determination of priority for selection of projects that Western will fund, how rates will be set to recover cost, and how existing customers will be protected from potential spill over of costs created by managing and operating transmission lines built under this authority. Tri-State believes that the many decisions that will be made by Western's staff must be done in consultation with existing power and transmission customers or potential beneficiaries of lines constructed under this Act. These procedures leave too much uncertainty for participants and risk Western's ability to demonstrate accountability of the funds expended.
- Tri-State believes that Western has identified an appropriate balance in its definition of its Program goal "to identify, prioritize and participate in the study, facilitation, financing, planning, operating, maintaining, and transmission facilities and additions that will help bring renewable energy resources to market across the West." (74 FR 9392) This goal does not restrict transmission usage to renewables only and allows the transmission of other generation resources. This concept will "help bring renewable energy resources to market" by ensuring that there will be a revenue stream sufficient to meet the requirement that the projects will have a reasonable expectation of meeting repayment obligations. It is imperative that Western retain this Program flexibility.



Specific suggestions:

- Tri-State applauds Western for its encouragement of outside non-Federal participation in transmission built under Section 402; however Western needs to make it clear that this participation will grant the participants perpetual ownership-like rights, without restrictions on usage, in proportion to the non-Federal participants' share of the investment.
- In its proposed program Western neglects to mention coordinating planning of these projects with existing regional planning organizations. In particular, in the Western Interconnection, Western must follow the WECC/TEPPC 3 phase planning process. Additionally, Principle 2 should be restated to say that the standard should be "collaborate with existing planning processes to enhance reliability," in place of the current wording: "not adversely impact system reliability."
- As mentioned in the general comments, Western's proposed program provides no guidance on the criteria that Western will use to prioritize the projects. In order to expedite the construction of new facilities, Western should first look at projects that are already under development or have completed, or are currently working through, the WECC planning process.
- Construction of Extra High Voltage transmission lines often has a significant impact on the underlying and adjacent transmission systems. In these procedures, Western must commit to standard planning procedures to identify impacts to the transmission system and commit to pay for mitigating the system impacts on the non-Federally owned underlying or adjacent systems.
- Western should restate Principle 5 to say that a project is capable of delivering ancillary services not "providing" them. Furthermore, Western should not commit to provide ancillary services from Federal generation projects to support construction authorized under the ARRA. Most of the Federal generation that Western manages in consultation with the Federal generating agencies is already close to the operating limits. There is simply insufficient Federal generation available to Western to support the additional resources that will be added to the system as a result of the increased transmission capability. This is particularly true for the addition of intermittent generation, which frequently places a disproportionately large load on the Balancing Authority's ancillary services requirements. Western should commit to purchasing, or otherwise acquiring additional ancillary services for these projects. As with other costs, existing customers should be insulated from the additional cost of ancillary services resulting from Section 402 projects.
- Western should state that it will adopt rate setting methodologies consistent with Department of Energy Order RA6120.2.



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

HEADQUARTERS: P.O. BOX 33695 DENVER, COLORADO 80233-0695 303-452-6111

- In Paragraph V.2. Western states that it will make capacity excess to its needs available under OATT-like processes. It is unclear what needs Western refers to since the additions envisioned under this authority go beyond Western's immediate needs. Tri-State supports the adoption of open access transmission availability; however, Western should state that it will make all capacity available under these terms.
- In the proposed program Western does not define how it will determine a "reasonable expectation" of project pay out. Additionally, Western does not identify criteria for making such a determination.

As a result of the lack of specificity in the Notice of Proposed Program, Tri-State is unable to adequately assess the potential impacts and implications of submitting expressions of interest in particular projects as requested in Western's Notice of Availability of Request for Interest (74FR9391). For example, on its Website, Western states that "Parties wishing to submit a Statement of Interest should download the entire Request for Interest and Credit Application." It seems premature in the process to be requesting credit information, particularly without more detailed guidance on confidentiality procedures.

Due to the uncertainty described above, the complexity of the proposed program and the long range implications of decisions Western will make, Tri-State encourages Western to consider conducting another forty-five (45) day comment period after it revises its proposed program in response to comments. A revised proposal that incorporates the comments received during this initial round and includes more specifics would allow Tri-State to assess whether some of the many transmission projects we have under consideration could benefit from working with Western under this authority. Tri-State appreciates this opportunity to provide comments to Western on its proposed program and looks forward to a continued working relationship with Western.

Sincerely,

Ronald W. Steinbach
Transmission Policy Administrator

RWS/fmw

cc: Joel Bladow
Mac McLennan



April 3, 2009

Western Area Power Administration
Transmission Infrastructure Program
P.O. Box 281213
Lakewood, CO 80228-8213

RE: Comments pursuant to the proposed principles, policies and practices on section 402 of the American Recovery and Reinvestment Act of 2009

To Whom It May Concern:

Pursuant to The Western Area Power Administration's ("Western's") "Notice of Proposed Program and Request for Public Comments" posted in Vol. 74, No. 41, page 9391 of the Federal Register on March 4, 2009, TransWest Express, LLC ("TWE") respectfully submits comments on the proposed principles, policies and practices of the Transmission Infrastructure Program ("Program") developed by Western to implement the Authority within section 402 of the American Recovery and Reinvestment Act of 2009. We would like thank Western for the opportunity to provide these comments.

TWE is developing the TransWest Express Project, which is a 3,000 MW high voltage direct current transmission line between Wyoming and Nevada. The Project is designed to deliver renewable resources, primarily wind resources, to the markets in Arizona, Nevada, and Southern California. TWE has also identified other transmission project opportunities, which have been included along with the TransWest Express Project, in a Statement of Interest pursuant to Western's Request for Interest in the Program. We've included one of these opportunities here within these comments due to what we believe is Western's unique opportunity and obligation to lead a review of its own assets to identify and prioritize a plan to increase the capacity of Western's strategic assets that would meet help the objectives of the Program.

TWE would be pleased to discuss our comments further at your convenience.

Sincerely,

/S

David F. Smith

Director of Engineering and Operations
TransWest Express, LLC

Entity

TransWest Express, LLC (“TWE”) is a limited liability company that was formed in Nevada on July 24, 2008. TWE is wholly-owned by The Anschutz Corporation (“TAC”), a privately held company based in Denver, Colorado. The principal offices of TWE are located at 555 Seventeenth Street, Suite 2400, Denver, Colorado. TAC formed TWE to hold and develop certain electric transmission assets.

TWE is an extension of TAC’s long and successful tradition of resource development and investment in the western United States. TWE is focused on responding to the nation’s demand for clean renewable energy while continuing TAC’s commitment to the responsible development of natural resources.

Entity Contact Information

David F. Smith
Director – Engineering and Operations
TransWest Express, LLC
555 Seventeenth Street, Suite 2400
Denver, CO 80202
Office: (303) 299-1545
Facsimile: (303) 299-1356

TWE's Comments

Program Goal: Identification and Prioritization ...[of] new or upgraded transmission facilities and additions that will help bring renewable energy resources to market across the West.

Western's Strategic Transmission Assets

With respect to the Program's goal to identify and prioritize participation, TWE respectfully suggests that Western, as an owner and operator of transmission assets within high potential renewable resource areas such as Wyoming, should identify and prioritize strategic transmission upgrade projects involving these assets. Additional transmission network capacity is needed to facilitate the development and delivery of renewable resources to market. The network capacity is required between resource interconnection points to the network and the local markets and the proposed Wyoming export transmission lines such as the TransWest Express project. Wyoming renewable resource projects will require a collector system to be built to deliver energy from the renewable resources to these export lines. Western's assets are strategically located amongst the various potential resource sites, the proposed major export lines and also the Denver market. The attached maps indicate the strategic location of Western's assets in Wyoming.

Western's system in Wyoming consists essentially of a loop that connects the various Qualified Resource Areas, as recently identified within the Western Governor Association's Western Renewable Energy Zone identification process, major proposed transmission projects and the northern Denver area. The loop contains relatively low capacity, and fully subscribed, 115 kV and 230 kV circuits. Rebuilding these assets with higher capacity lines presents Western a unique opportunity and an obligation.

The opportunity arises due to the nature of re-build projects that utilize existing corridors to minimize overall environmental impact. Such a reuse of existing assets, including the corridors, provides an opportunity to complete these types of projects in shorter time frames than greenfield projects. Transmission entities throughout the country that have been challenged with capacity expansion needs, have successfully utilized the rebuild approach over the past two decades. Western's successful Mircale Mile to Ault 230 kV project is such a project. As Western's needs have not required extensive expansion to date, several of Western's assets are ideal candidates for the expansion required to help facilitate the development and delivery of renewable energy. Rebuilding assets also provides benefits through the operation and maintenance of new assets.

The obligation for Western to lead the planning (e.g. identification and prioritization) of these potential projects is based on Western's ownership of these facilities. This obligation to lead the effort does not limit Western's ability to leverage private participation. There are several successful models currently being employed within the industry that have been successful in attracting private capital and participation to construct, own and operate assets planned by others.

Program Goals: Prioritization ... [of] new or upgraded transmission facilities and additions that will help bring renewable energy resources to market across the West.

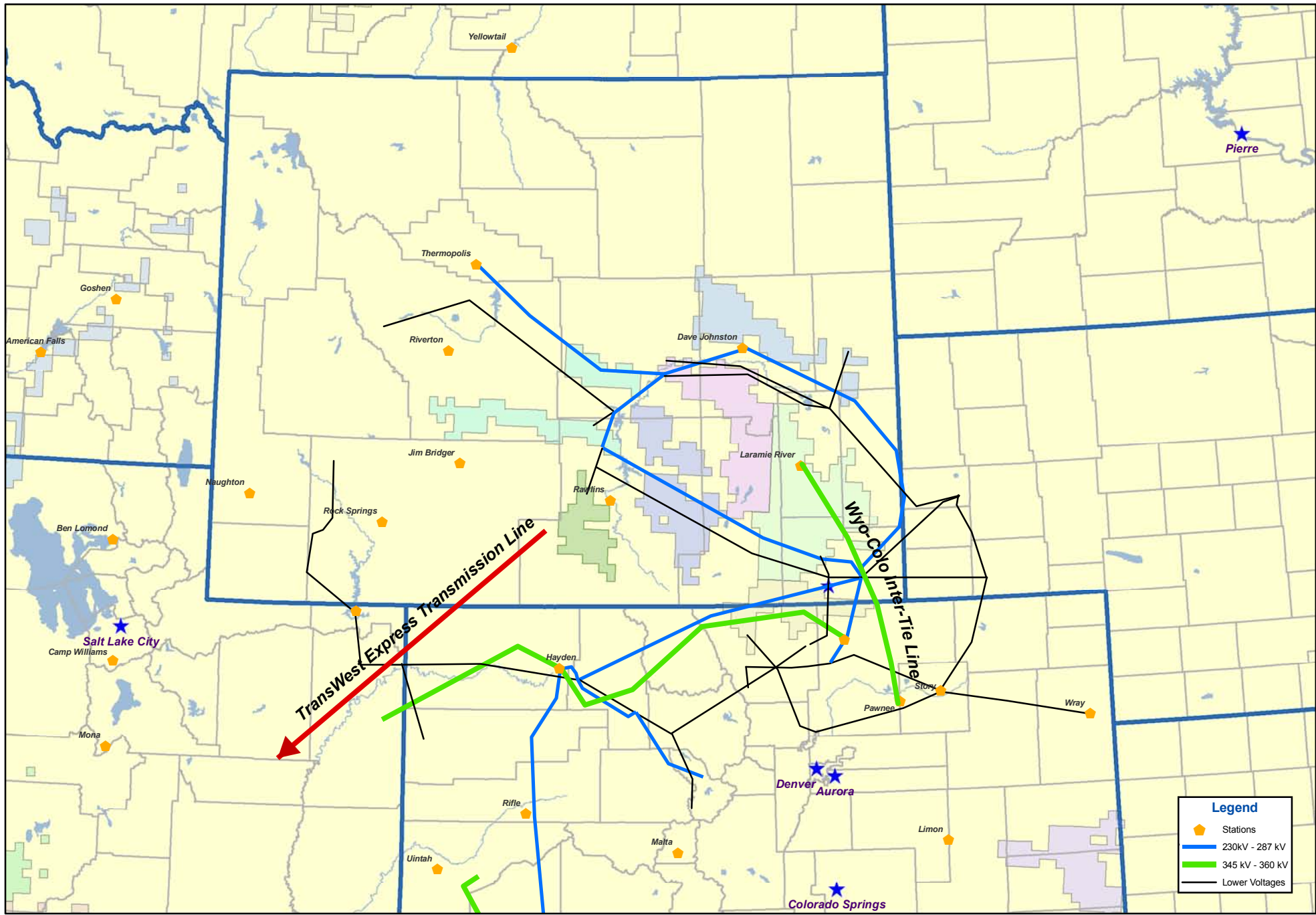
With Respect to the Program's goal to prioritize participation, TWE respectfully suggests that Western should place a high priority on fundamentally sound and well structured transmission projects. Western has the opportunity to participate in projects, which may be in one of several phases of development. Fundamentally projects need to progress through four general phases: conceptual, pre-construction development, construction, and then operation. Each of these phases are distinguished by an increase in project specificity and in the level of commitment required to complete each successive phase. Western's evaluation of projects should identify the project phase and assess both the overall economic fundamentals of the project and the strength and soundness of the plan to move to the next phase.

Western's project participation will be structured by the respective parties to improve the overall strength and soundness of the project's plan. Western's evaluation of the project should be based on this improved project plan. However, Western's ability to impact the overall economic fundamentals of any project is limited. The evaluation of the project's economic fundamentals should be evaluated with and without consideration of Western's participation. Western's ability to impact the fundamentals of any project needs to be closely scrutinized. Given Western's public interest and revenue recovery principles, Western should prioritize on projects where Western's participation does not materially impact the economic fundamentals of the project.

The important distinction is that if Western's participation is necessary to change a sub-marginal project to an economic project, one can conclude that the project is too risky for private industry and therefore is not prudent for Western's participation. Again the priority should be placed on projects with sound economic fundamentals. Western's participation is required on the strategic transmission assets cited within the first comment due to Western's ownership of these existing assets.

TWE fully supports the concept of "right-sizing" transmission infrastructure projects to minimize the cumulative impact on the environment by maximizing the utilization of the corridors. TWE's TransWest Express Project, at 3,000 MW, is an example of our commitment

to this concept. The evaluation suggested above of a project's economic fundamentals should also apply to the incremental scope required to "right-size" a project. If such an incremental scope is only economic due to Western's sole participation in this increased scope, than the incremental scope should not be prioritized. This does not mean Western should not participate in "right-sized" projects. It simply means that Western's project exposure should in no way be riskier than what private entities are willing to take on. Western should participate as equals with other equity/capacity partners to reduce the overall risk of a project but should never participate in a project only to reduce the risk of the private entities while taking on relatively higher risks. Such a structure would not be in the public interest nor could revenue recovery be assured with such a structure. Western's participation in a project should be structured to ensure there is a balanced risk profile for both the private entities as for Western.



QRAs with WAPA System Overlay





State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

Public Service Commission

TED BOYER
Chairman

RIC CAMPBELL
Commissioner

RON ALLEN
Commissioner

Transmission Infrastructure Program
Western Area Power Administration
PO Box 281213
Lakewood, CO 80228-8213

April 2, 2009

Re: Public Comment regarding Transmission Infrastructure Program to be implemented from Section 402 of the American Recovery and Reinvestment Act.

Dear Sir or Madame;

The Utah Public Service Commission (Utah PSC) submits the following comments on the proposed principles, policies, and procedures published by the Western Area Power Administration (Western) in the March 4, 2009, Federal Registrar, Vol 74, No. 41, p. 9391. The Utah PSC is the State of Utah's utility regulatory commission for the public utilities operating in the state. The Utah PSC also implements Utah's Carbon Emission Reductions for Electrical Corporations statutory provisions, see, Utah Code Sections 54-17-601 et seq., whose renewable energy portfolio standards and renewable energy certificate provisions are applicable to all electric utilities operating in the State, cooperatives, private investor owned, and municipality or government entity owned.

The Utah PSC notes that coordination among multiple renewable energy electricity generation and electric transmission projects will be necessary and occur with greater frequency in developing the resource potentiality within Western's operating area. In that regard, the Utah PSC supports Western's proposed guiding principles to determine whether a project "1. Is in the public interest." and "2. Will not adversely impact system reliability or operations, or other statutory obligations." Further, the Utah PSC supports Western's project evaluation criteria, including whether a project "1. Facilitates the delivery of energy from renewable resources to market. 2. Is in the public interest. [and] 3. Will not adversely impact system reliability or operations, or other statutory obligations." The Utah PSC encourages Western to implement and apply these principles and evaluation criteria by inviting and having the participation of the Utah PSC and other, similar, state utility regulatory commissions in the Transmission Infrastructure Program and project evaluations. State utility regulatory commissions have unique perspective and information, due to their roles and duties concerning electric utility operations in their states, and may make useful and significant contributions to Western's future efforts. A number of the state utility commissions are already involved in multi-

state collaborations addressing similar area-wide coordination and integrated operation issues which underlie Western's proposed principles, policies and practices.

In addition, the Utah PSC supports Western's governing principle to ensure the Transmission Infrastructure Program "provides an opportunity for participation of other entities in constructing, financing, owning, facilitating, planing, operating, maintaining, or studying construction of new or upgraded transmission lines" The State of Utah recently created the Utah Generated Renewable Energy Electricity Network Authority (Utah GREEN) , whose purpose is to support renewable energy resources whether inside or outside of Utah. This support may include financing transmission line projects, and other improvements. See, Utah Code Sections 63H-2-101 et seq. Partnering Western's efforts with Utah GREEN's efforts is consistent with the policies and goals of both the federal and state acts.

The Utah PSC appreciates the opportunity to comment on Western's Transmission Infrastructure Program and looks forward to collaborating with Western in the development of necessary electric transmission capabilities needed for the renewable energy resources within Western's operating area.

Sincerely,

Ted Boyer
Chairman,
Utah Public Service Commission



April 3, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228

Re: Western Area Power Administration's ("WAPA") Notice of Proposed Program and Request for Public Comments on its adoption of a Transmission Infrastructure Program

Dear Sir/Madam:

The Western Business Roundtable ("Roundtable") is responding to Western Area Power Administration's ("WAPA") Notice of Proposed Program and Request for Public Comments on its adoption of a Transmission Infrastructure Program ("TIP") (*74 Federal Register 9391, March 4, 2009*).

The Western Business Roundtable is a non-profit business trade association comprised of CEOs and senior executives of organizations doing business in the Western United States. The Roundtable works for common sense, balanced approaches to economic development and environmental conservation, and supports public policies that encourage economic growth, opportunity and free enterprise.

The Roundtable fully understands that WAPA is moving forward with the TIP program, pursuant to authorities and responsibilities placed upon it under Section 402 of the American Recovery and Reinvestment Act of 2009. The stated purpose of TIP is: "Constructing, financing, facilitating, planning, operating, maintaining or studying the construction of new or upgraded electric power transmission lines and related facilities....and for delivering and facilitating delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed...."

We appreciate the balance struck by WAPA's stated goal. It emphasizes the need to encourage renewable energy development in the West, while allowing the transmission of other generation resources in a non-discriminatory manner. This is the responsible framework and one we support.

A Summary of the Roundtable's Concerns

- ✓ **Loan Repayment Obligations** -- We appreciate WAPA's assertion that its focus with TIP is to provide funding to projects that have a reasonable expectation of meeting repayment obligations. To that end, we encourage WAPA to focus its resources on projects that are cost-effective. Projects should be selected that result in geographic diversity of resources and high utilization of transmission lines.
- ✓ **Prioritization of Projects** -- If the goal of the TIP program is to stimulate immediate "job creation," it would make sense to us that prioritization should go to projects already under development, and which have already been contemplated by regional transmission planning processes. Projects that are less advanced or that have long-term development time frames should be given a lower priority, potentially subject to additional selection criteria.
- ✓ **Current WAPA Customers Must Be Protected From Spill-Over of Costs** -- On the basis of WAPA's public comments and its Federal Register filings, we commend it for underscoring the need to avoid impacts to WAPA's preference customers. We do have some questions about how TIP will operate in that regard. For projects selected: how will rates be set to recover costs and what steps will WAPA take to ensure that existing customers are protected from spill over of costs created by managing and operating transmission lines built under Section 402 authority?
- ✓ **How Will TIP Be Integrated With Regional Planning Processes** -- We are unclear how WAPA intends to assure coordination between projects built under this program and existing regional planning processes already in place and operating in the West. Certainly, there needs to be a guarantee that such coordination occurs, so that reliability of the system is not impacted.
- ✓ **How Will TIP Treat Non-Federal Participants** -- WAPA is encouraging outside non-Federal participation in transmission built under Section 402, which will help to leverage WAPA's borrowing authority. While we recognize that WAPA's participation in public/private partnerships may take many forms, depending on the needs of the project and the flexibility afforded by the enabling legislation, we would be comforted by having an understanding of the approaches that might be considered including what rights such participants will be granted, and the duration and scope of those rights.
- ✓ **Avoid Duplicative Processes and Unnecessary Restrictions** -- Some parties are calling for additional environmental reviews and restrictions on the type of generation resources that will have access to facilities funded through the TIP. Such an approach will delay the implementation of the program. Many of the projects that will be considered in this program have already been through required environmental reviews and duplicating that process will be unnecessarily burdensome. Additionally, calls for the program to support

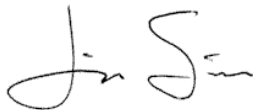
only renewable facilities are unrealistic and will not enhance the transfer capability of the system. The policy goal of increasing the amount renewable generation in the West is admirable, but it is important to emphasize that the ARRA does not mandate that the TIP be used exclusively for renewable generation. Existing state renewable energy standards already address this issue and will increase the development of renewable generation in the West.

We strongly urge WAPA to take sufficient time to analyze the immediate and long-term implications of the program it has proposed. More time is needed for the public – and especially the existing power and transmission customers -- to fully evaluate TIP and make constructive suggestions on how it might be strengthened. Please consider an extension of the public input process to this proposal.

At a minimum, we believe it is would be wise to plan a second round of public comment six months after the Program's implementation. This would at least allow WAPA to fine-tune the Program to resolve questions and issues that will inevitably arise during its implementation.

Thank you for this opportunity to comment on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Sims". The signature is fluid and cursive, with the first name "Jim" and last name "Sims" clearly distinguishable.

James Sims
President & CEO
Western Business Roundtable

WORC

Western Organization of Resource Councils

Western Area Power Administration
PO Box 281213
Lakewood, CO 80228

Re: Recovery Act Western Transmission Infrastructure Program

To Whom It May Concern:

The Western Organization of Resource Councils (WORC), Plains Justice and the Intertribal Council On Utility Policy (Intertribal COUP) thank you for the opportunity to comment on the proposed program to implement Section 402 of the American Reinvestment and Recovery Act of 2009 (Recovery Act) as noticed on March 4, 2009 docket E9-4609. The comments below are consistent with our belief that it is critically important that new and upgraded transmission capacity is thoughtfully planned and used for the priority purpose of delivering energy created by renewable sources.

WORC is a regional network of seven grassroots community organizations that include 10,000 members and 45 local chapters in Idaho, Montana, North Dakota, Oregon, South Dakota, Colorado and Wyoming. WORC members represent farmers and ranchers and rural landowners, many of whom are potentially directly affected by the siting of transmission lines.

Plains Justice is a public interest environmental law center working for environmental justice and sustainable communities in the Northern Plains region of the US, including eastern Montana and Wyoming, North Dakota, South Dakota, Nebraska and Iowa.

Intertribal COUP is a non-profit intertribal policy forum, consisting of fifteen northern Great Plains Tribes, including the Cheyenne River Sioux, Flandreau Santee Sioux, Lower Brule Sioux, Northern Arapaho, Oglala Sioux, Omaha Tribe of Nebraska and Iowa, Rosebud Sioux, Sisseton-Wahpeton Oyate, Spirit Lake, Standing Rock Sioux, Three Affiliated Tribes of Ft. Berthold (Mandan, Hidatsa and Arikara), Turtle Mountain Chippewa and Yankton Sioux Tribes. These federally recognized Tribes reside on reservations in North Dakota, South Dakota, Nebraska, Iowa and Wyoming.

Procedural Comments

We recommend a greatly expanded public participation process both in developing the Western Transmission Infrastructure Program and in managing its activities and expenditures. In the early stages of developing program parameters, principles, and guidelines, the maximum possible stakeholder involvement is appropriate. Western Area Power Administration (Western) should directly seek input from

individuals and groups including but not limited to non-governmental and community organizations, independent power producers, the academic community, utilities, and tribal, state and local government entities of all varieties—such as soil and water conservation districts, county boards of supervisors, tribal historic preservation offices and state archaeologists’ offices, in addition to higher level government entities. Direct consultation with tribal governments, of course, is necessarily required under federal regulation and Department of Energy policies. An early-stage stakeholder process that identifies concerns and priorities has the potential to head off larger conflicts down the road.

As the transmission planning process moves forward, creation of an interstate advisory body focused on wise use of resources is recommended. With so many interests at stake, transmission planning and siting can devolve into an acrimonious process. By providing an open forum for interested parties to air their views and seek compromise positions, Western may be able to identify more easily the lowest impact scenarios. We believe that an active program of public meetings and comprehensive public notice will improve the process and ultimately decrease the cost to taxpayers by limiting eventual disputes.

For an ongoing stakeholder process to be successful, it must have genuine influence over the decision-making stage. For this reason we also recommend maximum transparency in the planning and siting process within Western. The following practices are examples of ways to increase public confidence in the process:

- Online minutes of all relevant deliberations;
- Multiple public meetings held along or near proposed new or expanded transmission routes, with internet participation and call-in options freely available;
- Route details and alternatives published in mass distribution local print media as soon as available; and
- Multiple opportunities for public comment and inquiry.

As a third procedural recommendation, we urge a comparative technical cost-benefit analysis of distributed generation alternatives. Similar studies completed for other jurisdictions indicate that significant—i.e., hundreds or thousands of megawatts—of additional generation can be added to the grid with little or no transmission infrastructure cost by maximizing distributed generation. We recommend Powers Engineering’s distributed generation proposal to Western for consideration, as an example of the cost-effective potential of this model. Because of the economic benefits alone, this option should be evaluated comprehensively. Other benefits include lessened environmental impacts and more localized economic benefits as smaller generation projects are constructed and maintained within communities across Western’s service territory.

Comments for Supplemental Criteria in Section IV Project Evaluation

The following comments relate expressly to Section IV. Project Evaluation and are drawn from the Recovery Act as well as the background and proposed action preceding this section in the Federal Register. The Recovery Act had five stated purposes. We believe that three of these purposes are most relevant to implementation of Section 402:

- Purpose 1 “To preserve and create jobs and promote economic recovery.”
- Purpose 2 “To provide investments needed to increase economic efficiency by spurring technological advances in science and health.”
- Purpose 4 “To invest in transportation, environmental protection and other infrastructure that will provide long-term economic benefits.”

Focus on Upgrading and Expanding Line Capacity Where Appropriate

We recommend that Western evaluate upgrading or expanding capacity on lines where existing capacity constraints have prevented renewable generation from being built, as a priority before considering additional transmission lines. Such investments are likely to be the very most cost-effective. Focusing on upgrading existing lines will also serve Purposes 1 and 4 of the Recovery Act.

Upgrades to existing lines can have the benefit of creating jobs more quickly. The siting process may be simplified where project developers can work within existing easements. This should allow for a more immediate job creation and economic recovery.

Numerous projects across the region have been put on hold because of capacity constraints on existing transmission lines. Developers of projects have significant interests in having constraints removed and should be willing nearly immediately to begin the investments. Additional job creation, along with long-term economic development, can be sped up as these investments allow for new generation.

Upgrading existing transmission lines also will limit the disturbance and disruption of public and private lands. Using existing right-of-way corridors will minimize social and environmental impacts associated with building new transmission lines, staying consistent with “environmental protection” as stated in Purpose 4 of the Recovery Act.

Further, the appropriateness of upgrading and expanding line capacity should take into account the historic environmental injustice suffered by the Missouri River tribes which have had their federally held lands flooded to provide for both power and flood control across the region, and who have only recently been allowed to purchase federal hydropower flowing over Western’s existing lines that have crossed their reservations for the past 50 years. Western should take into account upgrading the capacity of those line segments in its service territory that would directly enhance the potential of integrating such tribal renewable energy projects that have been proposed in Western’s recent Wind

Hydro Feasibility Study¹ in the Upper Great Plains Region [Section 2606 of the Energy Policy Act of 2005, Title V) as a strategic priority for large-scale (50MW to 150MW), regionally distributed generation.

Including distributed wind projects on tribal lands as planned by Intertribal COUP meets requirements as identified in the Recovery Act, treaty obligations, the new goals of the WAPA Administrator, ie, transmission upgrades, purchase of wind energy, and partnerships with Tribes. It also provides for environmental and economic justice to restore balance and provide for economic restoration of the tribes in the Missouri Basin.

Upgrades or New Lines Should Promote Distributed Generation

Both large and smaller (under 50 MW) scale distributed generation should be considered as an additional criterion to be considered by the proposed program. Promoting a distributed generation system not only creates more distributed jobs but also has a higher likelihood to create jobs local to generation projects, spurring economic development throughout the region instead of at a few centralized locations.

Western should include a requirement that any additional transmission capacity act as a renewable energy collection system. Ensuring that additional power can be added to the grid will promote sustained job creation and regional economic development after the initial influx of capital to the line and further promote distributed generation.

Distributed generation can also provide overall less expensive energy to the end consumer. Due to high cost of new transmission lines and electrical losses during transmission, locally generated renewable electricity can actually be less expensive to the end consumer than energy produced for less in a distant location.²

Additionally, a distributed, interconnected generation system would allow more renewable energy to be used as baseload. A Stanford University study³ effectively illustrates that by connecting inherently intermittent renewable energy, an intelligent transmission system can allow wind power to act as baseload electricity. The study demonstrates that the connected wind farms behave “more and more similarly to a single wind farm with steady wind speed and thus steady deliverable wind power.”

The Stanford study further states, “(a)though most parameters, such as intermittency, improved less than linearly as the number of interconnected sites increased, no saturation of the benefits was found.” The continued benefit gain further demonstrates the technological reason a distributed system is desired. Within Western’s Upper Great Plains Region, some two dozen Indian Reservations are widely arrayed

¹ Western Area Power Administration’s Wind Hydropower Feasibility Study for Section 2606 of the Energy Policy Act of 1992 (sic), Draft December 12, 2008, at: <http://www.wapa.gov/ugp/PowerMarketing/WindHydro/WHFS%20Draft%20Report.pdf>

² Farrell, John and Morris, David. Energy Self-Reliant States. New Rules Project/Institute for Local Self-Reliance. November 2008.

³ Archer, Cristina L. and Jacobson, Mark Z. Supplying Baseload Power and Reducing Transmission Requirements by Interconnecting Wind Farms. Stanford University, 5 February 2007

across six states providing the perfect real world example of the conditions discussed in the Stanford study. Western could be a model to the rest of the nation by demonstrating the efficiency of this system, thereby further fulfilling Purpose 2 of the Recovery Act.

Distributed generation of wind power also can provide baseload power to distant population centers, once local demand is met. Western and plains states that have relied on exporting energy could significantly benefit from investments promoting distributed generation, as more distributed generation will facilitate the export of valuable power to states with renewable portfolio standards or laws against the import of power generated by fossil fuels sources. This would not only create long-term economic development for farmers, ranchers, tribes and rural communities in the poorest region of the country, but promote environmental protection in an area that is beginning to experience the impacts of accelerated climate change.

An expected cap on carbon dioxide emissions only makes this type of distributed generation more economic and important. Anticipating the effects of carbon regulation on everyone served by Western would provide long term economic benefits by increasing the percentage of energy provided by renewable sources.

Require New Capacity Be Used Exclusively for Energy from Renewable Sources

Western should specify in the project criteria that any additional line capacity is exclusively used for the purpose of “delivery of energy from renewable resources to market” as stated in Section 402 of the Recovery Act. Expressly stating this not only fulfills the stated purpose in section 402 of the Recovery Act but also directly aids in promoting Purposes 1, 3 and 4 of the Recovery Act.

Purpose 1 of the Recovery Act is to create jobs. On a per megawatt basis, new energy sources create more than double the amount of jobs as power from fossil fuels. Simply put, providing a framework for additional investments in renewable energy will put more people to work quickly and expedite the economic recovery process.

Purpose 4 from the Recovery Act provides ample basis for the requirement to carry energy from clean sources exclusively. There is an intimate connection between energy, the environment and sustainable development. Achieving solutions to environmental problems like acid precipitation, stratospheric ozone depletion and the greenhouse effect requires long-term actions for sustainable development. Renewable energy resources are one of the most efficient and effective solutions. A society seeking sustainable, long-term development ideally must utilize only energy resources that cause minimal environmental impact.⁴ Requiring new transmission lines only to transport renewable resources is one small step towards the development of renewable resources which are solutions to our countries leading environmental problems. Although we understand that “free range electrons” can’t be directed onto a given transmission line according to how they were produced, policies such as prioritizing renewable energy

⁴ Dincer, Ibrahim and Rosen, Marc. “A Worldwide Perspective on Energy, Environment and Sustainable Development” International Journal of Energy Research. 22.15. 1305-1321

sales onto the grid at all times and ensuring that renewable energy capacity exists in quantities sufficient to utilize new transmission lines fully could have the intended effect.

Given Western's proximity to Native American tribes located in the Midwest states, Western's new spending authority provides a great opportunity to not only bring increased employment to Native Americans living within Western's territory, but also provides an opportunity to develop resource-rich regions that are constrained by under-built transmission infrastructure. Specifically, certain areas inhabited by members of the Intertribal COUP—a group of 15 tribes located in five of the Upper Great Plains Region states—contain significant resources that, if fully developed, would be too large to serve local load requirements, but transmission capacity does not exist to deliver the projects to the nearby markets and load centers. Thus, without reasonable access to load, the Intertribal COUP resources will remain largely underdeveloped until improvements to transmission infrastructure can deliver the resources to load. Upgrading certain lines within Western service territory—such as the Pine Ridge-Fort Randall line—would allow for larger capacity developments in the Intertribal COUP area, and by interconnecting the Fort Pierre, South Dakota with Mission, South Dakota, those larger and more beneficial projects would have greater access to markets and load centers, helping utilities in larger load centers meet renewable resource requirements and make the generation projects more cost beneficial.

The energy sector also uses vast amounts of water. Nearly half the water withdrawn in the US is used for energy. By comparison, agricultural irrigation accounts for 35%.⁵ This number could be significantly decreased if coal and gas fired power plants were replaced by wind. Renewable energy, such as the hundreds of megawatts of wind power awaiting development both on and off the Indian Reservations in the northern Great Plains, can make a significant difference in augmenting federal hydropower diminished by the current decade long drought, since wind neither consumes water as conventional power cooling plants do, nor does it add green house gases to the atmosphere contributing to the loss of snow pack. Indian and non-Indian water rights and water quality are also critical issues for life and livelihood in the West, with far-reaching economic impacts well within the intended reach of the Recovery Act's goals.

The purpose of the Recovery Act is to preserve and create jobs in the short term as well as provide long-term economic development. In light of this mandate to ensure economic viability for Western's system, Western should not consider any coal fired power plants when leveraging this borrowing authority. By government and industry's most optimistic estimations, any technology that might successfully capture all greenhouse gas emissions from coal-fired power plants is at least 10 years from fruition. The federal government has heavily subsidized and invested in research to create so-called "clean coal"⁶ and it is clear that no retrofit technology currently envisioned would

⁵ Smith, Rebecca. "Water Worries Shape Local Energy Decisions." The Wall Street Journal. 26 March 2009: A3

⁶ "Clean Coal Projects: Cleaning Out the Pockets of Taxpayers" Taxpayers for Common Sense, 9 September 2008, accessed 2 March 2009

<http://www.taxpayer.net/search_by_tag.php?action=view&proj_id=1302&tag=coal&type=Project#>

produce power economically.⁷ To protect the interests of ratepayers throughout Western's territory, Western should endorse a policy of decreasing, not increasing, system reliance on coal-fired power generation.

As discussed above, ensuring that lines upgraded or constructed under the new program are used for the priority purpose of moving renewable energy will insulate ratepayers from the effects of carbon regulation.

In closing, WORC, Plains Justice and the Intertribal Council On Utility Policy once again thank you for the opportunity to comment on this program. We would like to reiterate the importance of an open public involvement throughout the entire process and the desire to see Western Area Power Administration act as a leader in promoting local renewable energy.

Sincerely,



KC Duerig, Board Chair
Western Organization of Resource Councils



Carrie La Seur, President
Plains Justice



Patrick Spears, President
Intertribal Council On Utility Policy

⁷ "Retrofitting the Existing Coal Fleet with Carbon Capture Technology," U.S. Department of Energy, December 2008. Accessed 2 March 2009
<http://www.fossil.energy.gov/programs/powersystems/pollutioncontrols/Retrofitting_Existing_Plants.html>

**Western Resource Advocates • Natural Resources Defense Council •
Interwest Energy Alliance • The Wilderness Society • Western Grid Group**

**Group Comments on Western Area Power Administration's Renewable
Energy Transmission Program**

April 1, 2009

I. Introduction

On behalf of Western Resource Advocates, Natural Resources Defense Council, Interwest Energy Alliance, The Wilderness Society and Western Grid Group, please accept the following comments in response to Western Area Power Administration's ("Western") Notice of Proposed Program and Request for Public Comments regarding the implementation of Section 402 of the American Recovery and Reinvestment Act of 2009. 74 Fed. Reg. 9391—9393 (Mar. 4, 2009). The 2009 Recovery Act specifically provides \$3.25 billion in new borrowing authority for Western with the explicit purpose of, "delivering or facilitating the delivery of power generated by renewable energy resources." Recovery Act of 2009, Section 402.

Overall, we commend Congress, the Obama Administration and Western for developing this exciting new program to develop smartly planned transmission to facilitate the development and delivery of clean and renewable energy resources in Western's service territory. The western U.S. – indeed the nation – is at a critical juncture in terms of developing an energy policy based on significantly expanding clean, renewable energy resources in the electricity and transportation sectors. This exciting transformation will stimulate and permanently rebuild our economy, help secure our country's energy independence and address growing concerns about air quality and climate change.

Our comments are focused on implementing this new program within the Western Interconnection, where Western has 10,000 miles of high-voltage transmission lines and wholesale electricity customers in the states of Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada and California. Clearly, given its transmission assets and customer base, as well as being one of two federal Power Marketing Administrations within the Western Interconnection, Western is well-positioned with this new program to charter a new course and take a leadership role in significantly expanding renewable energy development in the West.

As a preliminary matter, we suggest a new name for this program. The new direction for Western within this program is precisely focused on facilitating the development and delivery of *renewable* energy resources. However, the word "renewable" is conspicuously absent from Western's proposed title for the new program, "Transmission Infrastructure Program." (74 Fed. Reg. at 9391). In addition, as discussed below, there are many reforms related to transmission policies for renewable energy that extend beyond the actual "infrastructure" component. Accordingly, we suggest at the very beginning that Western adopt the following name: "Renewable Energy Transmission Program." This is more than semantics; this new program is entirely about renewable energy transmission and in order to charter a new course in this direction with the proper focus, the name must reflect the program's vision and purpose.

II. Federal Register Notice – Proposed Projects and Proposed Program

We are concerned that while developing the important guidelines and parameters for implementing this new program, Western is at the same time soliciting “Requests for Interest” (RFI). Soliciting RFIs that identify a “proposed transmission project” for Western to “study, facilitate, finance, plan, operate, maintain or construct” before actually developing a program that, among other things, will eventually have “criteria” to evaluate proposed projects is putting the cart before the horse. In addition, at the public meeting on March 23, 2009, Western officials stated both on and off the record that this new program for renewable energy transmission is permanent – which suggests that soliciting RFIs with the same deadline for submitting comments on the actual program guideline is premature and unnecessary.

While we understand that this program is part of a stimulus package, we suggest that Western first develop the program and then request project proposals in a timely fashion. At the very least, all responses to the Federal Register RFI should be held in abeyance until the program is established. Simultaneously processing information on both the proposed program and potential projects to be approved by this new authority may actually delay the approval of the initial wave of projects, as well as the distinct possibility of having project proposals influence the development of the program itself. Ultimately, a well-designed renewable energy transmission program in place will likely result in Western being able to quickly evaluate and approve projects in the future.

III. Program Process and Overarching Comments

A. Analyzing Environmental Impacts and Open, Transparent Decision-Making

At the outset, we question whether the development of this program is properly excluded from environmental review. This is an incredibly important program, and to be sure, its implementation will have environmental impacts – direct impacts from project siting and indirect impacts from facilitated generation projects, including emissions from any facilitated fossil fuel generation. A programmatic environmental impact statement at this stage is most likely the best way to assess, analyze and develop mitigation strategies for cumulative impacts, as well as ensure broad stakeholder participation.

Another question is to what extent Western is adhering to Administrative Procedure Act’s rulemaking requirements. The APA defines a rule as “the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency.” Even under the more informal “notice and comment” provisions of the APA, we are concerned that there is very little information for the public to assess, analyze and comment on regarding the “proposed program.” In fact, the Federal Register notice, as well as the materials presented at the hearing on March 23, 2009, merely outline the proposed program’s major concepts, without any substantive information. In essence, therefore, at this stage in the game there is no concrete proposal for the public to comment on. This is troubling because at the hearing on March 23, 2009, Western officials stated that next steps after the April 3, 2009, deadline for public comment on the skeleton outline, will be the publication of a “final” program in the Federal Register that will for the first time contain substantive information on the program. To comply with the APA, Western should first develop the substance of a draft program (instead

of a draft outline) for public comment that includes detailed information on the program. In this case, after Western collects, considers and responds to the public comments filed by April 3, 2009, it must then publish a draft program for public comment and review, and then proceed to developing a final rule/program.

In terms of public process, we add that Western's approach thus far seems very rigid, overly formal and therefore not conducive to full and robust public participation. Indeed, at the one and only hearing on March 23, 2009, Western's strict adherence to the formality of the APA precluded the opportunity to ask substantive questions of Western's transmission experts. In addition, many of the meeting's participants traveled from across the country and region to attend and meaningfully participate – their expertise was entirely untapped. Indeed, Western seemed to put up the APA as “wall” – the FR notice and rigid “no, we won't answer questions” public meeting format gave the impression that Western is merely crossing its “T”s and dotting its “I”s, in terms of public participation, and nothing more. This creates the perception that public comment on this program is mere formality and seemingly a nuisance. This atmosphere can lead to stifling the full participation and creativity of very interested stakeholders as Western develops this exciting new program to facilitate renewable energy development. We suggest that Western develop a more inviting public comment process and borrow concepts that the Western Governors are using in their WREZ initiative.

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Western's new Renewable Energy Transmission Program should be part of an interconnection-wide, comprehensive transmission planning process. Both current legislation and present momentum in both interconnections is for regional and comprehensive transmission planning – indeed, the Department of Energy has funds from the Recovery Act of 2009 for this purpose and will soon be soliciting a proposal in the Western Interconnection for a Regional Planning Entity. Key elements of a Western Interconnection Comprehensive Transmission Plan will most likely include: (1) a broad range of scenarios for future Western Interconnection energy demand, how these scenarios will be met from various resources including load-side resources, and assessing the tradeoffs among competing values; (2) a transmission network designed to optimize each future scenario including the associated transmission requirements; (3) developing implementation plans for the different scenarios that includes and builds support from a wide-range of stakeholders; and (4) a joint WGA-WECC process that includes all stakeholder groups to review draft regional transmission plans for the different future scenarios.

We suggest that Western should lead in this effort, given its federal responsibilities, transmission holdings, customer base, hydro resources and this new borrowing authority to facilitate renewable energy. In addition, we suggest that Western become more engaged in existing regional and state transmission planning venues and forums – not only to strengthen the participation and knowledge in these processes, but particularly as all of these will necessarily be integral parts of upcoming regional and comprehensive planning efforts. These processes and venues include: (1) WECC regional and sub-regional planning entities (i.e., TEPPC, WestConnect, SWAT, CCPG, NTTG, Columbia Grid, etc.); (2) the WGA WREZ process (in addition to the technical committee, the Generation and Transmission Modeling work group); (3) developing, improving and prioritizing DOE/DOI West-Wide and National Interest Electric Transmission Corridors; (4) state Public Utility Commission approvals and planning efforts (e.g., Colorado's PUC transmission dockets and workshops); (5) state renewable energy zone and

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IV. Substantive Comments on Western's Renewable Energy Transmission Program

A. The Program Must Facilitate Renewable Energy

It is Western's responsibility to develop procedures and mechanisms to ensure that program expenditures facilitate renewable energy resources. The direction from congress is clearly that new transmission investments under this program facilitate the clean and renewable energy resources, a mission that Western has served for hydro electricity. Because the current policy direction in this Administration and Congress is for the development of clean and renewable energy resources in order to stimulate and rebuild the economy, secure energy independence and address air quality/climate change concerns, Western's Renewable Energy Transmission Program must clearly state and enforce that new and upgraded power lines will be limited to low-carbon resources, with majority¹ of new line capacity be dedicated to clean, RE sources such as wind, solar and geothermal.

One method to accomplish this is developing and implementing a performance standard that limits all generation interconnecting to new or upgraded power lines facilitated by this program to 1,100 pds of CO₂/MW-hr. We suggest two entry points for measuring/enforcing compliance. The first is reviewing Power Purchase Agreements, open season results, etc., at the point in time when the line is planned, approved, permitted and constructed. At this "first cut" it is relatively easy to determine and regulate what is interconnecting at this point in time because new generation contracts in some form are financially necessary to justify the capital costs of major high-voltage transmission investments. The second entry point relates to the downstream potential transfer of transmission contractual rights. The new program must include a system to determine whether the additional capacity from one of the new or upgraded lines is facilitating low-carbon resources. This could be measured on an annual basis within a control area. Western's engineers and transmission specialists may develop this system through e-tags and other information to determine generation sources that can be obtained through tracing the transmission contracts.

Finally, we note that Western can help ensure that renewable energy generation interconnects with these lines by including in the new program the authority for Western to directly purchase renewable energy resources on behalf of its customers under a long-term PPA rather than only allowing it to purchase replacement power when water levels are not adequate to meet the Western's allocation needs. Purchasing cost competitive wind, solar or geothermal under a 20-25 year contract will also stabilize the price of electricity for Western customers. We also encourage Western to conduct customer Deliberative PollsTM among its electricity customers, a technique that has proven to be effective in increasing the purchase and development of renewable energy generation.

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B. Renewable Energy Integration Issues

In the near-term, Western should create a stakeholder committee to review Western's present business and operating practices and develop recommendations to increase the amount of naturally variable generation (wind and solar) and address much-needed reform in terms of the economic and technical aspects of integrating these resources and handling integrated resource planning. Recommendations should be developed within 6 months. Western should also help develop a Wind Integration Action Plan for the Western Interconnection within the next 6-12 months to address the four main areas below. The Western Interconnection Wind Integration Action Plan should be developed by a stakeholder committee and also reviewed in public forum.

In the short-term, the following items are "shovel ready initiatives" that could be implemented quickly to maximize the use of tax payer money in a way that also provides the greatest impact on increasing renewable energy integration. In turn, these initiatives will stimulate the construction of new wind farms and other renewable energy sources that will pump billions of dollars into the economy from construction, manufacturing and related activities. Western's current project list should be screened to identify where currently planned projects could serve renewable developments. Further, unlike the construction of new transmission facilities that will require time to study, design, procure and construct, several of the following initiatives can be implemented very quickly with maximum impact.

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3. Forecasting and Scheduling

Forecasting the output of variable generation is critical to bulk power system reliability in order to ensure that adequate resources are available for ancillary services and ramping requirements. The integration of accurate rapid-update wind generation forecasts into system operating procedures can more effectively address operational concerns, allowing for greater integration of variable resources. We offer the following specific suggestions for consideration:

- Central forecasts for the entire wind fleet can be useful to power system operators and can support multiple forecasts for individual wind projects.
- Utilize both wind event and hourly-energy forecasting.
- Western should consider and examine existing forecasting models, such as in the NYISO.
- Allow monthly imbalance netting for participating wind plants.

Western should develop dynamic scheduling with flexible generators outside the balancing area. In addition, Western should implement sub-hourly energy scheduling between balancing areas – with all generators within the balancing area and for independent power producers as well as owned generation. Western should consider sub-hourly energy markets.

4. Ancillary Services, Load Balancing and Integration Costs

Western must develop a comprehensive and cost-effective program for ancillary services to help integrate renewable energy sources. To help in this effort, we encourage Western to exchange wind integration expert staff with the Department of Energy, including the National Renewable Energy Laboratory and experts such as Michael Milligan,² to provide technical assistance on integration issues. We also suggest that Western join the Utility Wind Integration Group (UWIG) to gain more expertise and familiarity with integrating large-scale wind and renewable projects. We offer the additional items to consider for this component of Western's new Renewable Energy Transmission Program.

- Western should promote coordinated regional grid operations. The Western Governors have called for this type of consolidation, and Western should lead the way. A larger control area would allow for better utilization of ancillary services

² See, e.g., B. Kirby, M. Milligan and Y. Wan, *Cost-Causation-Based Tariffs for Wind Ancillary Service Impacts* (June 2006), available at www.nrel.gov/docs/fy06osti/40073.pdf.

which in turn would allow for greater variable resource integration. This can be achieved by virtual or actual control area consolidation to provide flexibility to balance the system at lowest cost/least environmental impact.

- Example: The WACM control area doesn't contain enough generation to integrate wind or solar. Merging WACM into other Western control areas (physically or virtually) will save customers money as more renewables are added to the system.
- Control area consolidation also has the benefit of aggregating diverse variable resources over broader areas, reducing the impact to the Control Area and reducing the reserve obligation.
- Utilize Western's hydro resources to provide regulation services.
- Western should support flexible energy solutions including storage options such as the development of pumped or compressed air storage to support wind integration.
- Western can provide access to responsive generation by encouraging the creation of ancillary service markets or by purchasing third-party supplied ancillary services from any generator willing and able to sell, including variable generators.
- Western should participate in ACE diversity interchange as a move towards sharing/consolidating resources and expanding the reserve sharing pool to increase the availability of responsive generation and load.
- Load response
 - Seek load response from residential, commercial, and industrial loads
 - Seek load response in all time frames: fast reserves to multi-hour response
- Western should change its WACM regulation rate and identify/purchase maneuverable generation to provide load following.
- Define and purchase 10 and 30 minute non-spinning operating reserves (from load as well as generation) for response to variable generation events.
- Adopting the imbalance service and other provisions of the pro-forma OATT developed by FERC.
- In the near term, Western can develop special protection/remedial action schemes to support the immediate interconnection of renewable resources where practicable.
- Naturally variable generation does not require around the clock firm transmission; to take advantage of this fact, Western should take the lead from BPA and develop and offer conditional firm transmission service. In developing this product, we encourage Western to develop case studies and make them available where its long term, non-firm service is in place to support a broader acceptance of conditional firm transmission service, particularly as a phase-in strategy to new transmission build out, as intended by FERC. This product would allow renewable energy developers to better utilize existing capacity on Western's transmission system. Western should quantify what percentage of time (e.g., 5-7%) that renewable energy would need to be curtailed due to reliability issues on the transmission system so that developers can figure this into their financing. This will facilitate early additions of new MW of renewable energy onto the system.

C. Ensuring Lands and Wildlife Protections

The exciting transformation to renewable energy resources in the West must ensure adequate safeguards for our showcase lands, wildlife species and other natural resources. This includes impacts from generation as well as supporting transmission. Western's new program must develop guidelines and criteria to: (a) exclude from development certain public lands recognized for scenic, natural, recreational, cultural or historic resources; then (b) minimize impacts to affected public lands, wildlife and other resources through the adoption of Best Management Practices for siting, construction, ongoing maintenance and reclamation; and then (c) mitigate impacts by identifying, prioritizing and acquiring high-value conservation lands.

For the "exclude" category, we recommend that Western establish (in consultation with Federal and State land agencies, environmental groups, wind and solar industry representatives, and Indian tribes) appropriate areas to be excluded from consideration for the construction of facilities, including (at a minimum):

1. National parks, national marine sanctuaries, reserves, recreation areas, and other similar units of the National Park System;
2. Designated wilderness, designated wilderness study areas, and other areas managed for wilderness characteristics;
3. National historic sites and historic parks;
4. Inventoried roadless areas and significant non-inventoried roadless areas within the National Forest System;
5. BLM's National Landscape Conservation System;
6. National monuments;
7. National conservation areas;
8. National wildlife refuges and areas of critical environmental concern;
9. National historic and national scenic trails;
10. Areas designated as critical habitat;
11. National wild, scenic, and recreational rivers;
12. Any area in which Federal law prohibits energy development, or that the Federal agency or official exercising authority over the area exempts from inclusion in a national renewable energy zone through land use, planning, or other public process; and
13. Any area in which applicable State law enacted prior to the date of enactment of the Recovery Act of 2009 prohibits energy development.

D. Project Evaluation Criteria

We applaud Western for developing criteria for evaluating proposals to ensure that they facilitate the delivery of renewable energy, are in the public interest, promote system reliability, and are likely to meet repayment obligations. (74 Fed. Reg. at 9393). Although \$3.25 billion in borrowing authority is significant, when single-circuit 500 kV can cost close to \$2 million per

circuit mile, Western needs to prioritize the low hanging fruit options to increase transfer capacity and access for renewable energy resources. In this regard, Western should consider prioritizing projects for approval that:

1. Upgrade existing grid assets (including Western's) where the line will meet renewable energy criteria. Western has 17,000 miles of existing high-voltage grid, most at 230 kV – this means that there exist opportunities for upgrades in voltage class, high efficiency conductors and other technological solutions. Western should prioritize these types of projects for both economic reasons as well as environmental – as these types of projects will keep impacts to already-disturbed corridors.
 2. Co-locate new power lines with existing and developed linear features including power line, telecommunication, pipeline, transportation and railroad rights-of-way.
 3. Facilitate renewable energy from regional (e.g., WGA WREZs) and state REZ processes. Prioritizing projects that correlate to the WGA WREZ and similar processes will help ensure that the best economic resources in areas with the least environmental conflict are developed and delivered to market. In this regard, Western should also examine opportunities to super-size transmission capacity into well-established, high resource, low environmental conflict areas so we can avoid multiple corridors into these areas as generation expands over time. An example is that a double circuit 230 kV line is proposed to deliver solar resources from the San Luis Valley in Colorado to the Walsenburg substation. Could Western's participation make it a 345 kV line?
 4. Implement transmission strategies from a list of deferred and already planned maintenance projects identified by Western that rebuild, repair, or replace system assets that also help renewable energy.
 5. Leverage opportunities where incremental grid investments can greatly enhance renewable energy delivery by the strategic interconnection of substations. Examples include a generator connection to the Peetz Table wind resource that is ten miles from the Archer substation and connecting the eastern terminus of Gateway West (Aeolus) to the northern end of the Wyoming Colorado Intertie.
 6. Prioritize transmission projects based on population growth statistics to ensure that areas that will need new generation to serve load growth have adequate transmission to access renewable energy generation areas.
- E. Program Implementation Authority

In setting up this new program, Western should carefully develop a decision making structure and process. For example, how will competing and even non-competing project proposals be compared and selected? How will public review periods for the selection of project proposals be administered, in order for stakeholders to have an opportunity to review a list of projects proposed for selection (after internal evaluation by the program implementation team) to provide

feedback about how proposed projects measure up against established program criteria? How can this be done while also protecting project proponents' confidentiality? How will a process be developed that is both is robust but timely? For all of these concerns, Western should establish an advisory board for project evaluation and program decision making.

V. Conclusion

We are at a critical juncture in America in terms of energy policy. Congress and the current administration have made it a priority to develop and deliver our country's vast supply of clean, renewable energy resources in order to rebuild our manufacturing base and high-tech economy, gain energy independence and address climate change concerns. With its new Renewable Energy Transmission Program, new loaning authority and existing transmission assets and customer base in the Western Interconnection, Western can and should play a pivotal and leadership role in this exciting transformation. Accordingly, Western must shape and implement this new program entirely around facilitating clean, renewable energy resources in the region. We appreciate the opportunity to comment on this new program and we look forward to working with Western to incorporating our concerns and major principles in order to develop a workable program with full stakeholder participation and buy-in.

Sincerely,

Tom Darin, Energy Transmission Attorney
Western Resource Advocates

Johanna Wald, Senior Attorney
Natural Resource Defense Counsel

Craig Cox, Executive Director
Interwest Energy Alliance

Nada Culver, Senior Counsel
The Wilderness Society

Bob Anderson, Managing Director
Western Grid Group

**Western Resource Advocates • Natural Resources Defense Council •
Interwest Energy Alliance • The Wilderness Society • Western Grid Group**

**Group Comments on Western Area Power Administration's Renewable
Energy Transmission Program**

April 1, 2009

I. Introduction

On behalf of Western Resource Advocates, Natural Resources Defense Council, Interwest Energy Alliance, The Wilderness Society and Western Grid Group, please accept the following comments in response to Western Area Power Administration's ("Western") Notice of Proposed Program and Request for Public Comments regarding the implementation of Section 402 of the American Recovery and Reinvestment Act of 2009. 74 Fed. Reg. 9391—9393 (Mar. 4, 2009). The 2009 Recovery Act specifically provides \$3.25 billion in new borrowing authority for Western with the explicit purpose of, "delivering or facilitating the delivery of power generated by renewable energy resources." Recovery Act of 2009, Section 402.

Overall, we commend Congress, the Obama Administration and Western for developing this exciting new program to develop smartly planned transmission to facilitate the development and delivery of clean and renewable energy resources in Western's service territory. The western U.S. – indeed the nation – is at a critical juncture in terms of developing an energy policy based on significantly expanding clean, renewable energy resources in the electricity and transportation sectors. This exciting transformation will stimulate and permanently rebuild our economy, help secure our country's energy independence and address growing concerns about air quality and climate change.

Our comments are focused on implementing this new program within the Western Interconnection, where Western has 10,000 miles of high-voltage transmission lines and wholesale electricity customers in the states of Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada and California. Clearly, given its transmission assets and customer base, as well as being one of two federal Power Marketing Administrations within the Western Interconnection, Western is well-positioned with this new program to charter a new course and take a leadership role in significantly expanding renewable energy development in the West.

As a preliminary matter, we suggest a new name for this program. The new direction for Western within this program is precisely focused on facilitating the development and delivery of *renewable* energy resources. However, the word "renewable" is conspicuously absent from Western's proposed title for the new program, "Transmission Infrastructure Program." (74 Fed. Reg. at 9391). In addition, as discussed below, there are many reforms related to transmission policies for renewable energy that extend beyond the actual "infrastructure" component. Accordingly, we suggest at the very beginning that Western adopt the following name: "Renewable Energy Transmission Program." This is more than semantics; this new program is entirely about renewable energy transmission and in order to charter a new course in this direction with the proper focus, the name must reflect the program's vision and purpose.

II. Federal Register Notice – Proposed Projects and Proposed Program

We are concerned that while developing the important guidelines and parameters for implementing this new program, Western is at the same time soliciting “Requests for Interest” (RFI). Soliciting RFIs that identify a “proposed transmission project” for Western to “study, facilitate, finance, plan, operate, maintain or construct” before actually developing a program that, among other things, will eventually have “criteria” to evaluate proposed projects is putting the cart before the horse. In addition, at the public meeting on March 23, 2009, Western officials stated both on and off the record that this new program for renewable energy transmission is permanent – which suggests that soliciting RFIs with the same deadline for submitting comments on the actual program guideline is premature and unnecessary.

While we understand that this program is part of a stimulus package, we suggest that Western first develop the program and then request project proposals in a timely fashion. At the very least, all responses to the Federal Register RFI should be held in abeyance until the program is established. Simultaneously processing information on both the proposed program and potential projects to be approved by this new authority may actually delay the approval of the initial wave of projects, as well as the distinct possibility of having project proposals influence the development of the program itself. Ultimately, a well-designed renewable energy transmission program in place will likely result in Western being able to quickly evaluate and approve projects in the future.

III. Program Process and Overarching Comments

A. Analyzing Environmental Impacts and Open, Transparent Decision-Making

At the outset, we question whether the development of this program is properly excluded from environmental review. This is an incredibly important program, and to be sure, its implementation will have environmental impacts – direct impacts from project siting and indirect impacts from facilitated generation projects, including emissions from any facilitated fossil fuel generation. A programmatic environmental impact statement at this stage is most likely the best way to assess, analyze and develop mitigation strategies for cumulative impacts, as well as ensure broad stakeholder participation.

Another question is to what extent Western is adhering to Administrative Procedure Act’s rulemaking requirements. The APA defines a rule as “the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency.” Even under the more informal “notice and comment” provisions of the APA, we are concerned that there is very little information for the public to assess, analyze and comment on regarding the “proposed program.” In fact, the Federal Register notice, as well as the materials presented at the hearing on March 23, 2009, merely outline the proposed program’s major concepts, without any substantive information. In essence, therefore, at this stage in the game there is no concrete proposal for the public to comment on. This is troubling because at the hearing on March 23, 2009, Western officials stated that next steps after the April 3, 2009, deadline for public comment on the skeleton outline, will be the publication of a “final” program in the Federal Register that will for the first time contain substantive information on the program. To comply with the APA, Western should first develop the substance of a draft program (instead

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- Reconductoring congested lines with advanced conductors, including composite conductors and other technologies, to increase continuous and contingency ratings.
- Using FACTS devices for both real and reactive power control to increase stability and/or control flows that will result in additional overall throughput and reduced congestion.

3. Forecasting and Scheduling

Forecasting the output of variable generation is critical to bulk power system reliability in order to ensure that adequate resources are available for ancillary services and ramping requirements. The integration of accurate rapid-update wind generation forecasts into system operating procedures can more effectively address operational concerns, allowing for greater integration of variable resources. We offer the following specific suggestions for consideration:

- Central forecasts for the entire wind fleet can be useful to power system operators and can support multiple forecasts for individual wind projects.
- Utilize both wind event and hourly-energy forecasting.
- Western should consider and examine existing forecasting models, such as in the NYISO.
- Allow monthly imbalance netting for participating wind plants.

Western should develop dynamic scheduling with flexible generators outside the balancing area. In addition, Western should implement sub-hourly energy scheduling between balancing areas – with all generators within the balancing area and for independent power producers as well as owned generation. Western should consider sub-hourly energy markets.

4. Ancillary Services, Load Balancing and Integration Costs

Western must develop a comprehensive and cost-effective program for ancillary services to help integrate renewable energy sources. To help in this effort, we encourage Western to exchange wind integration expert staff with the Department of Energy, including the National Renewable Energy Laboratory and experts such as Michael Milligan,² to provide technical assistance on integration issues. We also suggest that Western join the Utility Wind Integration Group (UWIG) to gain more expertise and familiarity with integrating large-scale wind and renewable projects. We offer the additional items to consider for this component of Western's new Renewable Energy Transmission Program.

- Western should promote coordinated regional grid operations. The Western Governors have called for this type of consolidation, and Western should lead the way. A larger control area would allow for better utilization of ancillary services

² See, e.g., B. Kirby, M. Milligan and Y. Wan, *Cost-Causation-Based Tariffs for Wind Ancillary Service Impacts* (June 2006), available at www.nrel.gov/docs/fy06osti/40073.pdf.

which in turn would allow for greater variable resource integration. This can be achieved by virtual or actual control area consolidation to provide flexibility to balance the system at lowest cost/least environmental impact.

- Example: The WACM control area doesn't contain enough generation to integrate wind or solar. Merging WACM into other Western control areas (physically or virtually) will save customers money as more renewables are added to the system.
- Control area consolidation also has the benefit of aggregating diverse variable resources over broader areas, reducing the impact to the Control Area and reducing the reserve obligation.
- Utilize Western's hydro resources to provide regulation services.
- Western should support flexible energy solutions including storage options such as the development of pumped or compressed air storage to support wind integration.
- Western can provide access to responsive generation by encouraging the creation of ancillary service markets or by purchasing third-party supplied ancillary services from any generator willing and able to sell, including variable generators.
- Western should participate in ACE diversity interchange as a move towards sharing/consolidating resources and expanding the reserve sharing pool to increase the availability of responsive generation and load.
- Load response
 - Seek load response from residential, commercial, and industrial loads
 - Seek load response in all time frames: fast reserves to multi-hour response
- Western should change its WACM regulation rate and identify/purchase maneuverable generation to provide load following.
- Define and purchase 10 and 30 minute non-spinning operating reserves (from load as well as generation) for response to variable generation events.
- Adopting the imbalance service and other provisions of the pro-forma OATT developed by FERC.
- In the near term, Western can develop special protection/remedial action schemes to support the immediate interconnection of renewable resources where practicable.
- Naturally variable generation does not require around the clock firm transmission; to take advantage of this fact, Western should take the lead from BPA and develop and offer conditional firm transmission service. In developing this product, we encourage Western to develop case studies and make them available where its long term, non-firm service is in place to support a broader acceptance of conditional firm transmission service, particularly as a phase-in strategy to new transmission build out, as intended by FERC. This product would allow renewable energy developers to better utilize existing capacity on Western's transmission system. Western should quantify what percentage of time (e.g., 5-7%) that renewable energy would need to be curtailed due to reliability issues on the transmission system so that developers can figure this into their financing. This will facilitate early additions of new MW of renewable energy onto the system.

C. Ensuring Lands and Wildlife Protections

The exciting transformation to renewable energy resources in the West must ensure adequate safeguards for our showcase lands, wildlife species and other natural resources. This includes impacts from generation as well as supporting transmission. Western's new program must develop guidelines and criteria to: (a) exclude from development certain public lands recognized for scenic, natural, recreational, cultural or historic resources; then (b) minimize impacts to affected public lands, wildlife and other resources through the adoption of Best Management Practices for siting, construction, ongoing maintenance and reclamation; and then (c) mitigate impacts by identifying, prioritizing and acquiring high-value conservation lands.

For the "exclude" category, we recommend that Western establish (in consultation with Federal and State land agencies, environmental groups, wind and solar industry representatives, and Indian tribes) appropriate areas to be excluded from consideration for the construction of facilities, including (at a minimum):

1. National parks, national marine sanctuaries, reserves, recreation areas, and other similar units of the National Park System;
2. Designated wilderness, designated wilderness study areas, and other areas managed for wilderness characteristics;
3. National historic sites and historic parks;
4. Inventoried roadless areas and significant non-inventoried roadless areas within the National Forest System;
5. BLM's National Landscape Conservation System;
6. National monuments;
7. National conservation areas;
8. National wildlife refuges and areas of critical environmental concern;
9. National historic and national scenic trails;
10. Areas designated as critical habitat;
11. National wild, scenic, and recreational rivers;
12. Any area in which Federal law prohibits energy development, or that the Federal agency or official exercising authority over the area exempts from inclusion in a national renewable energy zone through land use, planning, or other public process; and
13. Any area in which applicable State law enacted prior to the date of enactment of the Recovery Act of 2009 prohibits energy development.

D. Project Evaluation Criteria

We applaud Western for developing criteria for evaluating proposals to ensure that they facilitate the delivery of renewable energy, are in the public interest, promote system reliability, and are likely to meet repayment obligations. (74 Fed. Reg. at 9393). Although \$3.25 billion in borrowing authority is significant, when single-circuit 500 kV can cost close to \$2 million per

circuit mile, Western needs to prioritize the low hanging fruit options to increase transfer capacity and access for renewable energy resources. In this regard, Western should consider prioritizing projects for approval that:

1. Upgrade existing grid assets (including Western's) where the line will meet renewable energy criteria. Western has 17,000 miles of existing high-voltage grid, most at 230 kV – this means that there exist opportunities for upgrades in voltage class, high efficiency conductors and other technological solutions. Western should prioritize these types of projects for both economic reasons as well as environmental – as these types of projects will keep impacts to already-disturbed corridors.
 2. Co-locate new power lines with existing and developed linear features including power line, telecommunication, pipeline, transportation and railroad rights-of-way.
 3. Facilitate renewable energy from regional (e.g., WGA WREZs) and state REZ processes. Prioritizing projects that correlate to the WGA WREZ and similar processes will help ensure that the best economic resources in areas with the least environmental conflict are developed and delivered to market. In this regard, Western should also examine opportunities to super-size transmission capacity into well-established, high resource, low environmental conflict areas so we can avoid multiple corridors into these areas as generation expands over time. An example is that a double circuit 230 kV line is proposed to deliver solar resources from the San Luis Valley in Colorado to the Walsenburg substation. Could Western's participation make it a 345 kV line?
 4. Implement transmission strategies from a list of deferred and already planned maintenance projects identified by Western that rebuild, repair, or replace system assets that also help renewable energy.
 5. Leverage opportunities where incremental grid investments can greatly enhance renewable energy delivery by the strategic interconnection of substations. Examples include a generator connection to the Peetz Table wind resource that is ten miles from the Archer substation and connecting the eastern terminus of Gateway West (Aeolus) to the northern end of the Wyoming Colorado Intertie.
 6. Prioritize transmission projects based on population growth statistics to ensure that areas that will need new generation to serve load growth have adequate transmission to access renewable energy generation areas.
- E. Program Implementation Authority

In setting up this new program, Western should carefully develop a decision making structure and process. For example, how will competing and even non-competing project proposals be compared and selected? How will public review periods for the selection of project proposals be administered, in order for stakeholders to have an opportunity to review a list of projects proposed for selection (after internal evaluation by the program implementation team) to provide

feedback about how proposed projects measure up against established program criteria? How can this be done while also protecting project proponents' confidentiality? How will a process be developed that is both is robust but timely? For all of these concerns, Western should establish an advisory board for project evaluation and program decision making.

V. Conclusion

We are at a critical juncture in America in terms of energy policy. Congress and the current administration have made it a priority to develop and deliver our country's vast supply of clean, renewable energy resources in order to rebuild our manufacturing base and high-tech economy, gain energy independence and address climate change concerns. With its new Renewable Energy Transmission Program, new loaning authority and existing transmission assets and customer base in the Western Interconnection, Western can and should play a pivotal and leadership role in this exciting transformation. Accordingly, Western must shape and implement this new program entirely around facilitating clean, renewable energy resources in the region. We appreciate the opportunity to comment on this new program and we look forward to working with Western to incorporating our concerns and major principles in order to develop a workable program with full stakeholder participation and buy-in.

Sincerely,

Tom Darin, Energy Transmission Attorney
Western Resource Advocates

[REDACTED]

Johanna Wald, Senior Attorney
Natural Resource Defense Counsel

[REDACTED]

Craig Cox, Executive Director
Interwest Energy Alliance

[REDACTED]

Nada Culver, Senior Counsel
The Wilderness Society

[REDACTED]

Bob Anderson, Managing Director
Western Grid Group

[REDACTED]

April 3, 2009

Western Area Power Administration
Transmission Infrastructure Program
P.O. Box 281213
Lakewood, CO 80228-8213

RE: Comments of the **Wyoming Infrastructure Authority** pursuant to the proposed principles, policies and practices on section 402 of the American Recovery and Reinvestment Act of 2009

To Whom It May Concern:

Pursuant to Western's "Notice of Availability of Request for Interest" posted in Vol. 74, No. 41, page 9391 of the Federal Register on March 4, 2009 (Notice), the Wyoming Infrastructure Authority (WIA's) hereby submits its comments relative to the proposed principles, policies and practices on section 402 of the American Recovery and Reinvestment Act of 2009 (ARRA) as outlined below. Our comments are largely directed to Western's activities and opportunities within the Western Interconnection.

The State of Wyoming's policy on needed transmission development shares many goals with Western. The ARRA places great emphasis on the development of transmission to support renewable energy. We anticipate that ARRA will position Western for an expanded role in regional transmission development to bring Wyoming's world-class wind resources to the western United States – provided that new transmission projects are "right-sized" from the start to allow the transfer of the maximum number of electrons with the least possible environmental impact.

Western is uniquely positioned to effectively coordinate the various transmission projects within its footprint and their developers to foster regional cooperation, mitigate environmental impacts and provide needed assistance in analyzing and identifying reliability issues in the Western Interconnection. Western's active participation can help to make such projects a reality, allowing them to be large enough to serve native load *and* to encourage wind resource development. Federal stimulus dollars are needed for adequate and timely transmission development; and Western is the only entity capable of solving this "chicken and egg" problem by investing in right-sized projects and having the resources to carry the costs of those investments while load develops and transmission revenues begin to flow.

This opportunity to invest in private-sector projects, as permitted by ARRA, gives Western the unique opportunity to leverage its borrowing authority for the good of the entire Western Interconnection.

Additionally, interstate cost allocation issues, long a barrier to cooperation among the states, would be resolved because developers would need to bring only their native load-related costs to state regulators because of Western's investment in "right-sized" transmission lines.

The WIA recognizes the complexity of the responsibility Western has been given and stands ready to assist as requested. We would be pleased to discuss our comments further at your convenience.

Respectfully submitted,



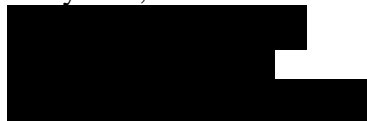
Steve Ellenbecker,
Director of Governmental & External Relations and
Energy Policy Advisor to Governor Freudenthal
Wyoming Infrastructure Authority



Entity: The Wyoming Infrastructure Authority (WIA) is a quasi-governmental instrumentality of State of Wyoming. Created in 2004 by the Wyoming Legislature, the WIA's mission is to diversify and expand the state's economy through improvements in Wyoming's electric transmission infrastructure to facilitate the consumption of Wyoming energy. The Authority can participate in planning, financing, constructing, developing, acquiring, maintaining and operating electric transmission facilities and their supporting infrastructure. The legislation gives the WIA bonding authority, and other powers to promote transmission development in the state and throughout the region. It also allows the State Treasurer, with the approval of the State Loan and Investment Board, to invest in WIA bonds.

Entity Contact Information:

Steve Ellenbecker
Wyoming Infrastructure Authority
200 East 17th Street, Suite B
Cheyenne, WY 82001



WIA's Comments

Support for Western's Proposed Approach

We are in support of the approach that Western is taking to implement its \$3.25 billion borrowing authority as defined in its recent Federal Register notices and in its March 23, 2009 stakeholder meeting in Lakewood, Colorado. We are of the view that Western is fully capable of implementing its plans in an open and transparent manner as required by the enabling ARRA legislation, and that efforts to impose any external management or control mechanisms on Western should be discouraged. We need to move forward and avoid any efforts to add red tape or unduly burdensome bureaucracy to the process.

Western has been an active participant in public policy and transmission planning venues throughout the West and is particularly cognizant of and responsive to stakeholder interests by virtue of such participation. These venues include WGA's WREZ Initiative, WGA's Wildlife Corridors Initiative, RMATS, CDEAC, CREPC, the activities of the various state transmission authorities, NREL's Western Wind & Solar Integration Study, Colorado Coordinated Planning Group and its Colorado Long-Range Transmission Plan, NTTG, SWAT, WestConnect, and WECC/TEPPC to name just a few. Consequently, we are of the view that limited or no additional stakeholder processes need to be imposed for Western to execute its responsibilities.

Comments on Proposed Principles and Program Elements

The Federal Register notice contains a set of principles and an outline of the program elements proposed by Western. Without commenting on each item, we offer the following comments on the major elements of the proposed program.

Funding

The program contemplates direct investment and ownership by Western in new transmission projects. While this traditional approach certainly has merit, Western should consider additional ways in which it can provide economic support for meritorious projects. For example, loan guarantees or purchases of transmission capacity may be appropriate tools to assist a project that needs economic support, but not necessarily direct investment, to proceed.

As will be discussed later, there are a number of Wyoming transmission projects at various stages of development. A flexible approach to using Western's available funding will maximize the opportunities for Western to help these projects succeed. By looking for creative ways to assist multiple projects, Western can leverage the available funding to maximize the development of new transmission capacity to enable renewable resource development.

Western participation in projects that are already well advanced in the development process could provide the critical mass needed to justify their construction, to "right size" projects, and maximize the use of a limited number of transmission corridors. Without Western participation, these projects might have to proceed at lower voltages to match only the demand that is available at the time the projects are designed and financed.

Cost Recovery

One of Western's proposed principles is that a project must "offer a reasonable expectation that the proceeds from the project shall be adequate to meet Western's financial repayment obligations". In applying this principle, we urge Western to take the long view. Transmission is a "lumpy" investment which may not be fully utilized initially. However as demand for electricity, especially from renewable sources, grows over time, transmission projects will become fully subscribed. As long as Western has a reasonable expectation that revenues will be sufficient to provide repayment over the life of the project, it should be willing to commit funds.

The proposed program contemplates separate rate treatment for each project that is selected for funding. We urge Western to reconsider this approach since it will lead to balkanized tariffs and pancaked rates. To the extent possible, we believe Western should include these projects in existing tariffs, provided that there is no cost impact on Western's preference customers. If a particular project would cause unacceptable upward pressure on existing transmission rates, the "higher of" or incremental pricing approach included in the FERC pro forma Open Access Transmission Tariff provides a means to protect existing transmission customers. The recent Bonneville Power Administration open season illustrates how significant transmission expansion for renewables can be successfully accomplished within existing tariff structures.

Generation Mix

A primary purpose of the program is to facilitate renewable energy development. We support Western using project selection criteria that favor projects that will deliver substantial quantities of renewable energy. However, we urge Western not to adopt rigid requirements for "green" content. Individual transmission lines are part of an interconnected grid making it impossible to limit flows on particular lines to only "green" electrons. And given the low capacity factors for solar and wind projects, more traditional forms of generation may be needed to complement the renewable resources and maximize the economic benefits of transmission lines built primarily for renewables.

Ancillary Services and Shaping/Firming Products

We appreciate the references to ancillary services throughout the proposed program. This is a critical area for facilitating renewable energy development, especially for wind and solar. Although it may be somewhat beyond the scope of the proposed program, we urge Western to thoroughly evaluate the capability of the federal hydroelectric projects under Western's operational control to provide ancillary services and shaping/firming products. To the extent such an effort results in changes to hydro project operations with negative economic consequences for Western's wholesale power customers, of course, ancillary services should be priced to fully compensate those customers.

We also encourage Western to participate in industry initiatives to de-balkanize the operation of the Western US grid, including control area consolidation and the ACE Diversity Interchange (ADI) program.

Permitting

Unfortunately, Western participation in projects may bring additional environmental and permitting requirements which may extend project development timetables. This can be especially problematic for renewable energy development since wind and solar projects can often be permitted and constructed faster than transmission lines. We urge Western to structure its

participation in Section 402 projects to avoid triggering additional permitting requirements, to the extent possible. And we also encourage Western to seek appropriate exemptions from environmental requirements if necessary to move ahead with projects that are otherwise “shovel ready”. Also, we would encourage Western to explore opportunities for expediting the permitting process for transmission projects to bring them on-line in a timely manner.

Queuing

We are encouraged to see that Western is proposing to “consider projects under Section 402 separately from procedures and requirements for arranging for transmission service or interconnection under its OATT”. We believe this approach is necessary and appropriate to avoid the possibility of worthy projects getting bogged down in the OATT queues and study process.

Project Selection Process

We anticipate that Western will receive statements of interest for projects in varying stages of development. We recommend that projects be separated into categories based on their stage of development so that the timing of Western’s participation can be prioritized. Projects that are well advanced for short-term in-service dates should be selected for Western participation in a timely manner, while it may be appropriate to defer decisions on less well developed projects to later in the selection process. Wyoming transmission projects currently under development include the Energy Gateway, Wyoming-Colorado Intertie, TransWest Express, Zephyr, High Plains Express and Overland Intertie Projects.

We urge Western to proceed expeditiously to select projects and move ahead quickly with implementation. The West has benefited from a number of recent regional transmission studies and stakeholder processes (further described below), all of which have concluded that substantial transmission investment is needed to move remote renewable energy resources to load centers. The West does not need another study or an extended stakeholder process; we need to take action. The comments received through this process will provide sufficient guidance for Western to move forward with confidence. To the extent possible and appropriate, Western should follow precedents established by BPA to position it to move expeditiously, rather than “reinventing the wheel” or pushing the “reset button” on those projects already having made significant progress in the development stage.

Project Criteria

We are supportive of the five criteria established by Western for the evaluation of projects, as follows:

1. **Delivery of Renewable Energy:** The delivery of renewable energy should be a cornerstone of Western’s 402 program encompassing storage, but deliveries should not be exclusively restricted to renewable energy.
2. **In the Public Interest:** Projects need to be in the public interest, provided that they are cost-effective and consistent with public policy.
3. **System Reliability & Impacts:** Given the interconnected nature of the nation’s transmission grid, reliability and impacts to connecting systems should be addressed in the evaluation of projects. We also encourage Western to participate only in transmission projects that are interconnected to the existing grid to support reliability, and not to participate in radial generation tie lines. Development of generation ties is best left to

generation developers while Western focuses its attention on projects that strengthen the interconnected transmission grid.

4. Proceeds to Meet Western's Financial Obligations: Western should be focused on projects that enable cost-effective renewable resources for delivery to customers and which promote geographic diversity to optimize transmission utilization.
5. One Terminus within Western's Service Territory: We support Western's proposal that at least one terminus of a project be located in Western's service territory.

National Grid Overlay

Western is poised to be an enabler of what has been termed as a "national grid overlay" concept. While Wyoming is supportive of such a concept, it is of the view that such overlay should be designed and configured to meet the unique needs of each region as defined by the transmission system owners and operators within each region that would be affected. In the case of the West, a combination of voltages and transmission configurations are likely to be considered, including both AC and DC solutions, and we recommend that WECC/TEPPC be charged with identifying appropriate designs in consultation with Western. We support consideration of both double-circuit and "right-sized" transmission systems to conserve land and optimize land use.

Given the challenges of developing multi-state transmission lines, we anticipate that Western will play an integral role in such projects that might otherwise be difficult for state utility regulatory commissions to authorize and provide cost recovery. In such instances, Western is positioned to be the "glue" that would consolidate a number of in-state transmission segments into a more cohesive whole, with the High Plains Express Initiative as an example.

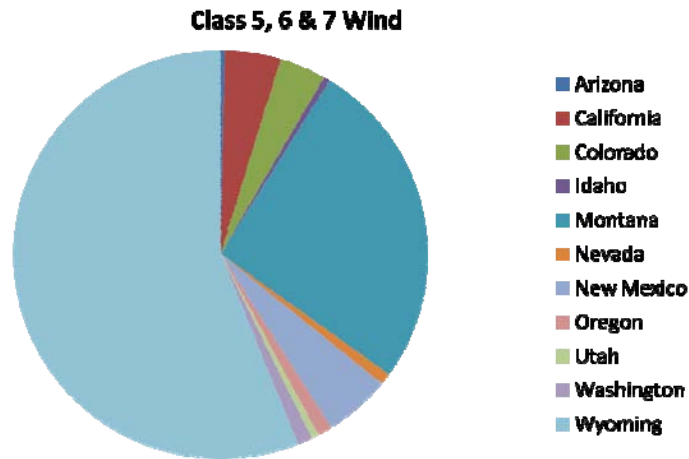
Wyoming's Energy Resources

The WIA recommends that Western concentrate on those transmission projects currently under development in Wyoming relative to its mandate pursuant to section 402 of the ARRA. For every Wyoming-based project in which Western can participate to enhance the viability of a given project, significant volumes of renewable energy can flow to the marketplace at competitive prices with an excellent likelihood of Western being able to recover the public funds utilized for future use.

The mandate given the Western Area Power Administration (Western) relative to section 402 of the American Recovery and Reinvestment Act of 2009 (ARRA) is somewhat similar to that of the Wyoming Infrastructure Authority (WIA) - to promote transmission infrastructure for export of Wyoming Resources to the marketplace. Some attributes for Wyoming Wind and the relationship to section 402 are as follows:

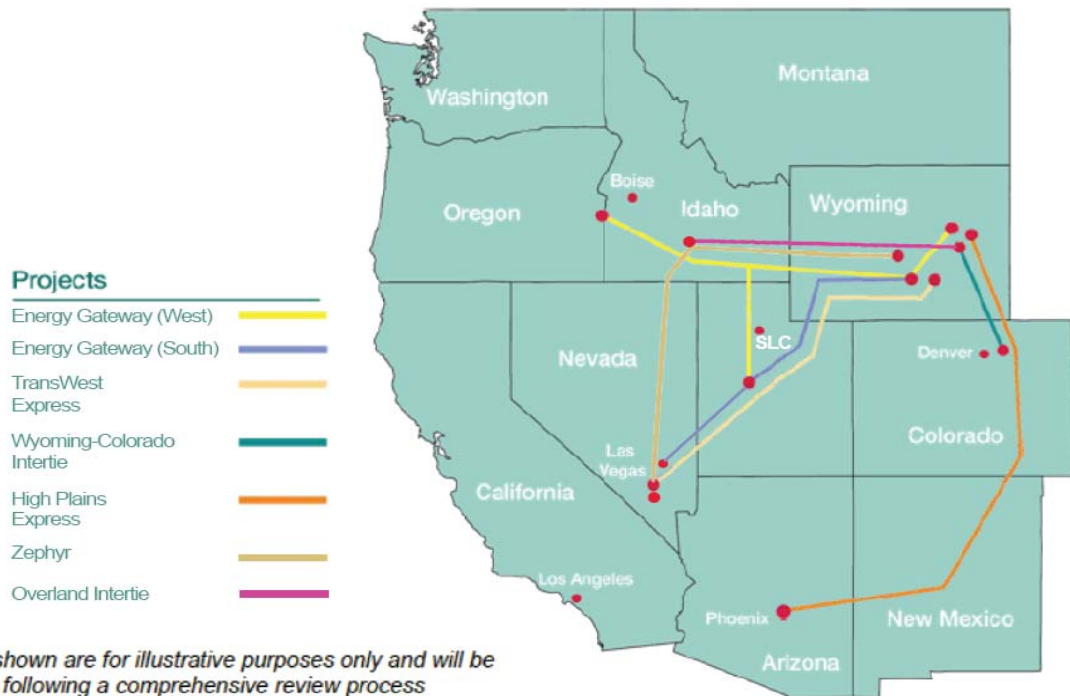
- Wyoming has over 2/3 of the developable Class 7 Wind onshore U.S.; and over 1/2 of the developable Class 6 Wind onshore U.S. according to NREL
- Wyoming has more Class 5, 6 & 7 developable wind than all of the other western states combined as shown on the graph on the following page:

**A Review of Wyoming's Developable Wind Potential
Relative to the Western States**



Source: NREL data prior to additional state exclusions

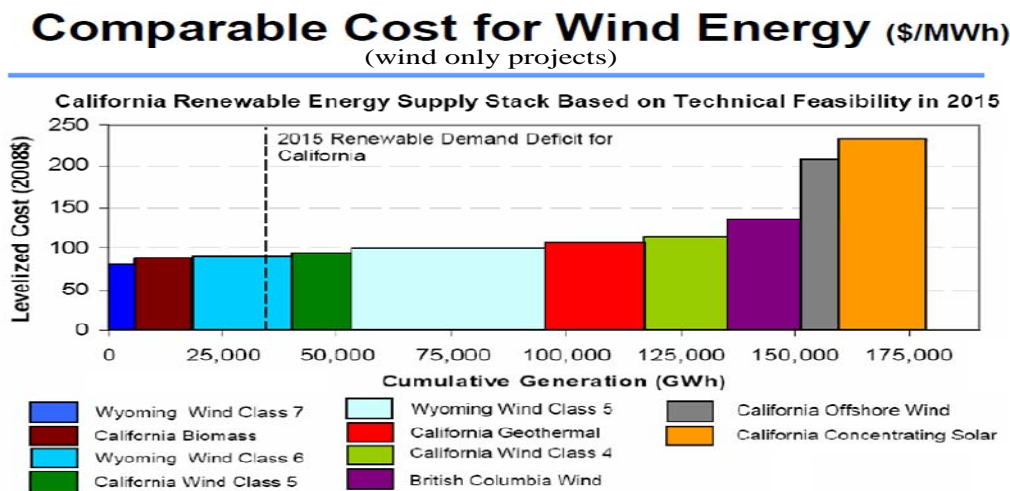
- ARRA specifically directs WAPA to support remote solar and wind generation projects. Since the transmission grid in the west is primarily at capacity, new transmission would pave the way for remote abundant, quality wind generation from Wyoming to satisfy the renewable energy demand relative to load centers in the Desert Southwest and California.
- Wyoming currently has seven (7) transmission projects under development in Wyoming which are designed to deliver significant volumes of renewable energy to such load centers. A map depicting the projects is:



A brief overview of each project is contained in the WIA's Statement of Interest relative to section 402 of the ARRA (SOI), which is incorporated by reference and separately submitted on April 3, 2009.

A number of recent and ongoing public studies have confirmed the high-quality of Wyoming's wind resources and of the economic viability of their delivery via expansions in the region's transmission systems. These include the 2004 RMATS study, CDEAC, NREL's Western Wind & Solar Integration Study, Western Governors Association's WREZ Initiative, E3's studies for the Western Electricity Industry Leaders group (WEIL), the Frontier Line transmission study, and studies by sub-regional transmission planning groups (NTTG and CCPG).

In addition to the aforementioned studies, the WIA solicits Western's consideration of a comprehensive study by National Grid, the former lead developer in the TransWest Express Transmission Project which addresses Wyoming's wind resource and the economic advantage which can be accomplished by the sourcing of such wind to satisfy both renewable demand and load growth in the West. The study was published in July, 2008 and is available at: <http://governor.wy.gov/Media.aspx?MediaId=582> . A chart from the study comparing the cost of renewable energy delivered to California is as follows:



Source: National Grid

BAMx Comments on Western's Proposed Transmission Infrastructure Program

The BAMx¹ members have reviewed the references listed below and offer the following comments associated with Western Area Power Administration's (Western) proposals to adopt a Transmission Infrastructure Program. The Program as described in the referenced Federal Register Notices and in Western's meeting materials is being proposed to implement section 402 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western and for delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed. On March 4, 2009, Western launched two concurrent public processes, one to address the program and one to solicit responses on potential transmission projects through its Request for Interest. The BAMx members are pleased that Western is offering the public and its customers the opportunity to help shape the program and its new authority.

The BAMx members have been studying the feasibility of increasing transmission capacity for its members for many years for the purposes of reducing its cost of power supply and deliveries from Western, and for accessing desirable resources including renewable resources. While section 402 of the Recovery Act provides Western's Administrator the authority for "studying" and "planning" of new or upgraded transmission infrastructure within Western's service area, very little information has been provided concerning these aspects of the proposed program. The BAMx members are concerned that the proposed program and the issued Request for Interest (RFI) and Statement of Interest (SOI) are directed towards projects in the advanced stages of planning and do not make clear how Western expects to carry out that part of the Recovery Act that is directed to those activities.

We feel the draft program proposal could be improved by further developing the criteria, policies and practices, procedures, etc. for the "studying" and "planning" of necessary transmission infrastructure to further the goals of the Recovery Act and to be consistent with the spirit of FERC Order No. 890². The RFI as currently structured appears to be directed towards transmission project proposals at an advanced stage of development, given the RFI submission requirements and financial demonstration and credit

¹ BAMx, the Bay Area Municipal Transmission group, is an unincorporated association of publicly owned utilities located within the geographic boundaries of the San Francisco Greater Bay Area ("GBA"). Members of BAMx include the City of Santa Clara ("Silicon Valley Power," or "SVP"), Alameda Municipal Power, formerly Alameda Power and Telecom ("Alameda" or "AMP"), and City of Palo Alto Utilities ("Palo Alto"), all located in California and all are federal power customers of Western's Sierra Nevada Region.

² In FERC Order No. 890, the costs of studying high priority transmission projects are borne by the transmitting utility. We also note that under section 402 of the Recovery Act, paragraph (d) (2) (B) that funds to study projects that are considered pursuant to this section but that are not constructed shall be forgiven.

requirements of the SOI for submitting project proposals. The RFI did say that Western may issue future RFIs. BAMx urges Western to issue another RFI structured to address the “studying and planning” aspect of transmission project proposals consistent with the Recovery Act intent for the Administrator to be able to certify that proposed projects are “in the public interest, will not adversely impact system reliability or operations, or other statutory obligations.” Additionally, BAMx urges Western to develop proposed criteria and basis for the “studying and planning” of proposed transmission infrastructure projects and to offer opportunities for the public and its customers to comment on those criteria, policies, procedures and practices.

Thank you for the opportunity to offer comments on Western’s proposed Transmission Infrastructure Program.

References:

1. Western Area Power Administration, Notice of Proposed Program and Request of Public Comments, Federal Register Notice (FRN) issued March 4, 2009, FRN Volume 74, No. 41 at page 9391.
2. Western Area Power Administration, Notice of Availability of Request for Interest (RFI), FRN issued March 4, 2009, Volume 74, No. 41 at page 9391.
3. Western Area Power Administration Request for Interest Regarding Constructing, Financing, Facilitating or Studying Construction of New or Upgraded Transmission Facilities to Deliver or Facilitate Delivery of Renewable Resources and associated criteria for submitting Statement of Interest (SOI) and Credit Application, dated March 4, 2009.
4. Western Area Power Administration public meeting presentation slides, [archived video](#) and [transcript](#) of comment forum held in Lakewood, CO, on March 23, 2009.
5. Western Proposes Transmission Program, Seeks Projects, Western News Release of March 6, 2009,
6. Transmission Infrastructure Program (TIP) news, Western’s [TIP line](#) blog page.
7. Western Called Upon for Needed Transmission, Western News Release of February 18, 2009.
8. Section 402 of the American Recovery and Reinvestment Act of 2009.