

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 07M-446E

PUBLIC SERVICE COMPANY OF COLORADO SENATE BILL 07-100 DESIGNATION OF ENERGY RESOURCE ZONES AND TRANSMISSION PLANNING REPORT

Comments of Western Resource Advocates

I. Introduction

Founded in 1989, Western Resources Advocates (WRA) is a non-profit environmental law and policy organization dedicated to restoring and protecting the land, air, water and wildlife resources within the interior Western United States. Specifically, our team of lawyers, policy analysts and economists works to: (1) promote a clean energy future for the Interior West that reduces pollution and the threat of global warming; (2) restore degraded river systems and to encourage urban water providers to use existing water supplies more efficiently; and (3) protect public lands and wildlife throughout the region.

Implementing Senate Bill 100 brings all of these components under one umbrella: if sited and constructed improperly, electric transmission lines may have unacceptable impacts to sensitive land, water and wildlife resources; at the same time, new transmission lines are critical in bringing renewable energy resources like wind and solar online so that we may achieve a balanced and sustainable energy policy for Colorado. To this end, WRA has been actively involved in the SB 100 implementation process to ensure that the transmission resources necessary to link up renewable energy resources are developed, and that this development proceeds in a manner that avoids and mitigates impacts to Colorado's landscapes, wildlife and other natural resources.

While WRA sincerely appreciates Xcel's sustained public outreach efforts in the spring and summer of 2007, we have concerns that comments from interested stakeholders were not given enough weight in the company's current filing. Below, WRA highlights three primary areas of concern that were raised throughout this year's process that should be addressed to increase the likelihood of Xcel and Colorado being able to quickly and smoothly transition to an energy economy that is based on increased percentages of renewable and clean energy sources.

II. Identification of Energy Resource Zones

WRA's first concern regards the identification of energy resource zones. While the zones are appropriately focused on renewable energy sources, they are too broadly defined. Indeed, zones 1 through 3 are a mere division of the eastern portion of the state into three "zones," with each one approximately one-sixth the size of the entire state. The problem with such large blocks of Colorado being sliced up and identified as "zones" is that more-specific, high renewable resource areas may not receive a direct transmission boost for a long time, or at all. For example, instead of lumping together Baca, Otero, Bent, Prowers, Kiowa, Crowley and half of Pueblo and Las Animas counties into "zone 3," a different and perhaps better approach would have been to identify the portion of Baca County with very high-class wind resources as a separate zone. This would ensure that new transmission would be required to specifically reach into this area that has so much renewable energy potential. Instead, identifying such vast areas as "zones" may tend to delay transmission to the more outlying areas that have very little access to existing transmission.

A related concern is that the identification of large zones allows a company to satisfy SB 100 requirements by submitting for PUC approval transmission expansion plans or upgrades that it was already planning on, with or without SB 100 being in place. While these backbone

transmission upgrades will beef up the overall carrying capacity of the grid system and are therefore important for future expansion into outlying areas, these improvements at the “heart” of an existing system offer little immediate transmission relief that would prompt the development of outlying renewable energy sources. WRA contends that the zones 1-4 should be re-examined for more targeted areas that are both rich in renewable resources and also in most need of transmission access. WRA notes that the renewable energy zones identified in the SB 91 effort are much more precise and may better serve the purposes of SB 100.

Finally, WRA commends Xcel for incorporating National Renewable Energy Lab renewable data into the identification of energy resource zones. However, WRA has expressed concerns throughout the implementation process that Xcel is still relying too heavily on Large Generator Interconnection Procedure (LGIP) interconnection requests to formulate and designate energy resource zones. While current interconnection requests in the queue are *one* factor that suggests where energy resources are located, the intent of SB 100 was to look at other sources of information beyond already-planned grid connections. For example, Sedgwick and Phillips counties in far northeast Colorado have fantastic wind resources. The fact that there are no pending interconnection requests in those counties which might warrant the designation of a separate zone speaks to the whole point behind SB 100: that wind developers are most likely not requesting for interconnection and not moving forward with projects in these remote places because there is very little transmission available in these outlying areas to *interconnect with*. In the present and future filings, therefore, WRA requests that energy resource zones take into account additional information such as industry interest in developing an area (short of proprietary information or formal connection requests) in order to better focus transmission expansion into areas rich in renewable energy that are awaiting transmission access opportunities. Otherwise, the

“chicken or the egg” situation will remain unchanged as renewable energy companies continue to wait for transmission access before expending significant resources on planning and constructing generation sites.

III. Comprehensive Transmission Build-out Strategy

WRA further contends that compliance with SB 100 can be improved by looking at transmission build-out scenarios holistically over a 10-year time frame. Xcel is presently forecasting its load needs and the percentages required to come from renewable resources over a decade time frame; it only makes sense then to approach transmission expansion in the same manner. Instead, the current filing is framed in terms of meeting immediate needs in zone 1 and some intermediate concerns in other zones. Understanding the relatively short time frame to put together its first report to the PUC in 2007, WRA suggests that Xcel begin working now with respect to its 2009 obligations and develop a likely renewable build-out scenario for properly identified resource zones over the next decade. The 2009 filing is an opportunity for a master renewable transmission plan to be developed. In 2009 and subsequent filings, Xcel can then apply for CPCNs to implement the plan according to a comprehensive vision, which would also allow for adaptations along the way for unforeseen developments. Otherwise, filing every two years for CPCNs that are mostly tailored to immediate transmission needs for specific projects may lose out on economies of scale and/or lead to duplicate power lines and rights-of-way than if energy zones had been planned for transmission build-out in a comprehensive fashion.

IV. Lands and Wildlife Outreach and Information

Transitioning Colorado to a new energy economy based in large part on renewable energy sources will require significant expansion of the current transmission infrastructure. If the proper

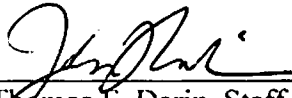
considerations for lands and wildlife protection are not taken into account, renewable energy transmission solutions will be impeded or unnecessarily delayed. In this sense, ensuring protection for Colorado's landscapes and wildlife is not only important for the continued vitality of these resources, but also critically important for the successful transition to Colorado's new energy economy.

To get out in front on lands and wildlife concerns, instead of traditional transmission processes that often consider these issues at the tail end of planning, WRA asked Xcel to consider sensitive lands and wildlife information as it identified zones and started planning for transmission build-out scenarios. To this end, WRA facilitated meetings between Xcel staff and The Nature Conservancy – the leading group in the state on the sensitive landscapes and wildlife species on Colorado's eastern plains. WRA also met with the Colorado Division of Wildlife along these lines, and this led to this key state agency participating early on in SB 100 compliance efforts. It is unfortunate therefore that the current filing is devoid of information regarding how Xcel has incorporated this site-specific data to protect these resources. In addition, the current filing lacks specifics regarding how the company plans to reach out to lands and wildlife groups and agencies in order to accommodate these concerns and avoid key areas and mitigate impacts in other places. This effort is essential in order to have a successful transmission build-out for renewable energy resources in Colorado. Lands and wildlife concerns are best addressed early in the process so as to avoid any surprises later on – thereby ensuring the best chance of success in implementing SB 100. WRA continues to offer its support and resources in this regard for the current and future filings.

V. Conclusion

Western Resource Advocates appreciates the ability to participate in the implementation of SB 100 and offer comments on Xcel's first compliance report. It goes without saying that the 2007 initial filing faced considerable timing challenges. Overall, Xcel is on the right track in terms of transmission plans into energy zones rich in renewable energy sources in order to hasten Colorado's addition of these clean energy sources to the state's power grid. WRA looks forward to working with Xcel and the Colorado PUC in the future to identify opportunities to improve the process by: (1) designating specific and renewable energy-focused zones, (2) developing comprehensive transmission build-out scenarios within each zone, and (3) adopting measures to best protect Colorado's land and wildlife resources as the state transitions to a new energy economy based on increased utilization of renewable and clean energy resources.

Sincerely,



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CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of December 2007, the original and 7 copies of **WRA's Comments** were sent to Doug Dean, Director, Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver CO 80202 and a copy was e-mailed to each of the following:

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