

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

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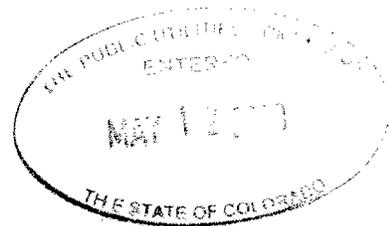
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IN THE MATTER OF THE INVESTIGATION OF ELECTRIC TRANSMISSION ISSUES
AND THE OPENING OF AN INVESTAGORY DOCKET.

**COMMENTS OF THE COLORADO INDEPENDENT ENERGY ASSOCIATION
IN RESPONSE TO DECISION NO. R09-0458-I**

Comes now the Colorado Independent Energy Association (CIEA) and pursuant to the invitation of Hearing Commissioner James K. Tarpey in Decision No. R09-0458-I, submits the following comments for consideration by the Commission at the May 18, 2009 Workshop scheduled in the above-referenced Docket. CIEA appreciates the opportunity to submit these Comments for consideration by the Commission in this very important investigatory docket regarding electric transmission issues. The Comments contained in this submission supplement those previously provided by CIEA with respect to the second workshop scheduled for May 18, 2009 as acknowledged by the Hearing Commissioner in paragraph 6 of Decision No. R09-0458-I. CIEA incorporates those Comments as if fully set forth herein.

The Comments contained in this submission address the questions raised in Attachment A to Decision No. R09-0458-I. Since question Number 1 at page 1 of 4 of Attachment A deals with transmission providers, independent transmission companies or utilities, CIEA begins its Comments in response to question Number 2.



COMMENTS

2. Planning Requirements In Addition to Those Set Forth in Rules 3102, 3206 and 3607(C)(1).

The Commission inquires regarding the limitations or challenges involved in transmission planning horizons of ten years or more. It has been CIEA's experience that, while planning horizons of ten years or more may be useful, in terms of regional transmission planning efforts, they serve little practical benefit to either utilities or those who require transmission service in order to provide service to utilities in the near term. Development of a Regional Transmission Organization (RTO) should rely on longer planning horizons. While the Commission focuses its current efforts on ensuring the availability of near term transmission capacity, it should also pursue the development of an RTO.

A more important planning horizon is a one to three year time period, more in line with the resource planning requirements of utilities, as well as the timing within which many renewable resources (i.e. wind and solar) as well as conventional gas-fired resources can be sited and installed. The resource planning process engaged in by utilities pursuant to the Commission's Electric Resource Planning Rules found at 4 CCR 723-3600-3615 considers much shorter time horizons for the actual preparation and submission of competitive bids to provide resources to utilities than the ten year planning horizon contemplated in this question.

CIEA has determined that a critical aspect of enabling its members to effectively compete for the provision of electricity to the Commission's jurisdictional utilities, is a much shorter time horizon than ten years. When utilities require third-party providers to include consideration of adequate transmission capacity to deliver electricity from the project to the load center, transmission planning by the utility becomes a critical path for the development of a competitive

bid for the provision of either conventional or renewable resources. It is this shorter time horizon on which the Commission should be focused for its consideration of the planning requirements for transmission additions.

With respect to whether parties should consider the potential for future upgrades or expansions of transmission facilities, CIEA is most desirous of having additional transmission added as soon as possible. Future upgrades or expansion, while potentially significant, are less important in the near term due to the bottleneck nature of the existing transmission system and its lack of capacity to accommodate third-party providers. A basic transmission facility sized to meet the capacity needs of new resources, is what is most important to CIEA at present. While appropriate planning would naturally require consideration of possible future upgrades and expansion, this is of secondary importance to the members of CIEA.

CIEA is indifferent toward requiring utilities to conduct combined transmission and generation production costs simulation studies, unless this requirement is used by utilities as an additional hurdle or threshold to delay the introduction of additional transmission facilities necessary to enable third-party providers to offer cost-effective resources. If such studies can be conducted in the ordinary course of business and provide additional information, but not constitute an additional obstacle to extending transmission facilities, then CIEA would be supportive of their being provided.

3. Coordination of Transmission and Electric Resource Planning.

Requiring utilities to conduct transmission planning studies in conjunction with proposed electric resource plans seems self-evident to CIEA. Since utilities have been requiring their bidders to have comprehensive transmission plans in place describing how their proposed resources will be made available to the utilities at specific delivery points, having utilities

include a description of the transmission needs in order to accommodate bidders proposed resources, seems to CIEA like a natural requirement for adequate resource planning. Utilities should absolutely be required to consider alternatives or provide relative information for transmission lines under consideration when filing electric resource plans, regardless of whether the plans are submitted as interim electric resource plans or under the Commission's current resource planning rules on an every 4-year cycle. It is only with adequate information regarding transmission availability that third-party providers can properly describe and propose their projects for consideration by utilities.

4. Coordination of CCPG/CLRTPG, SP-100 and Integrated Planning.

CIEA submits that the Commission should supervise an integrated transmission planning process. The various planning processes currently underway involving CCPG/CLRTPG and SB-100, as well as other transmission planning efforts, often serve to confuse the discussion of the simple question regarding the addition of transmission to Colorado utilities' systems enabling the provision of adequate amounts of new resources to serve identified customer needs. If the variety of transmission planning endeavors underway can be collapsed into a single effort supervised by the Commission, CIEA submits that this would greatly simplify transmission planning to the benefit of customers. Too often the various planning functions from various communities and planning groups serve as obstacles to getting transmission facilities planned, sited and constructed. Avoiding a bureaucratic roadblock to the addition of transmission capacity is CIEA's ultimate objective in participating in these Commission workshops.

The Commission Staff can best serve as a coordinator or facilitator of an integrated transmission planning process. Staff should be focused on determining what is in the best interest of the State of Colorado and the customers of utilities rather than the individual needs of

utilities regarding their own generation or transmission requirements. It is the customers whose needs are served by utilities who should be the foremost consideration of the Commission in coordinating a transmission planning process. The Staff can also interact directly with the Governor's Energy Office, the Office of Consumer Council, and other state agencies in this coordination and facilitation function, thereby bringing to bear on the process all of the assets of state government in one coordinated fashion. The participants in an integrated transmission planning process have an obligation to the state rather than just the utilities, and this function can be facilitated by the Staff.

5. Regional Planning Activities.

The role of the Commission Staff when participating in transmission planning activities of the Western Governors' Association, the Western Integrated Electric Board, Western Electricity Coordinating Council, West Connect, or High Plains Express, should be similar, that is to be a policeman and direct the participation of policy groups and planning groups in order to best effectuate the addition of transmission facilities within Colorado and the Rocky Mountain Region. Since the Commission Staff is arguably independent, objective and technically qualified, it can best serve this function from both a policy and planning prospective by direct participation in these endeavors on behalf of the citizens of the State of Colorado. In stating this position, CIEA wishes to emphasize that it is referring to the Commission's Staff as an institution. It appears to CIEA that the Commission Staff may need additional capacity and/or technical capability to adequately perform this proposed function. It is CIEA's observation that the current composition of the Commission's advisory staff may be insufficient to adequately perform these duties. As a consequence, CIEA would support the addition of qualified staff members to both the planning and policy functions identified in Question 5 of Attachment A.

Regional Transmission Organizations (RTO) should be given serious consideration by the Commission at this time. If utilities continue to exhibit a reluctance to develop additional transmission capacity in a timely, if not expedited manner, then an RTO with authority or jurisdiction to tap into an independent transmission company model may be necessary in order to adequately address the needs of prospective transmission customers. At the present time, independent transmission companies are being stymied by the current requirement for Certificates of Public Convenience and Necessity, whereas utilities having monopoly authority can foreclose the addition of new independently owned transmission facilities under the current regulatory model. RTOs and serious consideration of independent transmission companies should be considered by the Commission as part of the issues addressed in these workshops.

6. Communications with the Commission.

From CIEA's perspective, the most important thing that the Commission can do is to continue to address transmission issues in an open, transparent forum, calling together all current and prospective transmission customers, service providers, and regulators in order to determine a path of least resistance to adding transmission to Colorado and the Rocky Mountain region. If CCPG/West Connect meetings and jointly filed integrated transmission planning reports for Commission scheduled meetings or workshops are determined to be the best way for these objectives to be achieved, then CIEA would support any or all of those methods of achieving its solitary goal in this Docket of adding transmission capacity in Colorado and the Rocky Mountain region.

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Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 081-227E

I hereby certify that on the 11th day of May 2009, an original and 7 copies of the above and foregoing **COMMENTS OF THE COLORADO INDEPENDENT ENERGY ASSOCIATION IN RESPONSE TO DECISION NO. R09-0458-I** were hand delivered and electronically mailed to the following:

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* A hard copy will not follow to those indicated via electronic mail.



A handwritten signature in cursive script, reading "Jalep Johnson", is written over a solid horizontal line.

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