

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08M-521E

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

COLORADO INDEPENDENT ENERGY ASSOCIATION'S COMMENTS

Comes now the Colorado Independent Energy Association (CIEA) and submits the following comments for consideration by the Commission pursuant to Decision No. C08-1273. In addition to these written comments, Mr. Nicholas Muller, Executive Director of CIEA, will be present at the Commissioners' Information Meeting to present additional comments and respond to Commissioners' questions.

Introduction

CIEA appreciates the opportunity to present comments to the Commission regarding Public Service Company's (PSCo) Senate Bill 07-100 Designation of Energy Resource Zones and Transmission Planning Informational Report (Report). CIEA's overarching concern in this docket is that the Commission do all that it can to ensure an integrated approach to transmission planning. The issue of adequate and appropriately located transmission capacity is one of State concern, not an individual utility matter. In order for Colorado to occupy its place as a prominent participant in the "New Energy Economy" on a state, regional and national level, the necessary transmission infrastructure must be in place in a timely and cost-effective fashion to accommodate new generation—whether renewable or conventional.

In this regard, it would seem likely that the interests of incumbent utilities are aligned together and with those of others including new generation suppliers. This is not the case. CIEA urges the Commission to assume a leadership position in bringing together the sometimes

divergent interests of utilities, independent generators, cooperatives, transmission planners, federal agencies and other interested parties in developing a coherent transmission development plan for Colorado. This plan must take into account not only statewide transmission capacity issues, but also recognize the importance of adequate transmission facilities to the intermountain West.

Comments

CIEA requests that the Commission use all of its authority to develop, implement and enforce an integrated transmission planning policy as envisioned by SB 07-100. While PSCo's Report filed November 24, 2008 provides an overview of the current transmission planning efforts of PSCo, it does not contain any commitment to a more regional planning concept other than PSCo's participation in CCPG's Long Range Planning Process (Report p. 11). The only coordinated planning effort identified by PSCo in Section IV.C. of the Report is the Lamar-Front Range 345/500 KV Transmission Project (Report pp. 18-19). The remaining projects listed in Section IV of the Report are all PSCo-specific projects.

This leads to CIEA's recommendation regarding the Commission's willingness to take on enforcement of integrated planning for transmission resources. The current Commissioners have clearly expressed an interest in promoting the planning and construction of additional transmission resources. This effort is consistent with the Governor's directives on climate change issues and promoting renewable resources for which adequate transmission capacity is essential. CIEA urges the Commission to strongly influence, if not control, the development of adequate transmission resources. Currently, it appears to be too often the case that the self-interest of a particular utility in planning and developing a particular transmission resource obscures the overall needs of the state and region in developing needed transmission. Transmission has been, and remains, a bottleneck to the addition of new non-utility owned

resources. The lack of additional transmission has the effect of forestalling the addition of alternative, non-utility owned resources to the generation inventory. The resultant lack of resource diversity is clearly not in the long-term interests of Colorado customers, if diversity of generation resources is a goal to be pursued. The development of renewable generation is being encouraged at the state, regional and national level, but it is being held back here in Colorado by the lack of coordinated transmission planning and implementation.

Consistent with the concept of diversity of generation resources, is the need to have all transmission efforts coordinated, including consistent time frames for analysis. Presently, PSCo and Tri-State Generation & Transmission, Inc. hold separate stakeholder meetings and look at different planning horizons. Neither of these planning efforts seriously consider the prospect of coordinating sales of Colorado's renewable energy resource output to other markets. The Commission could facilitate more of an integrated planning process by requiring its jurisdictional utilities to engage in consistent, coherent, timely and effective planning efforts with the other transmission service providers currently in the region. Perhaps the CCPG can serve this function, but to date our observation is that such efforts have not been adequate to meet the need for development of additional renewable generation in this region..

An example of the lack of proper coordination with other stakeholders in this region is the recent announcement of substantial queue and interconnection changes being made unilaterally by Tri-State in its attached November 20, 2009 presentation. Also attached are comments jointly filed in that matter by CIEA and Interwest Energy Alliance, asking Tri-State to reconsider its unilateral approach for one that would consider the needs of various stakeholders involved. Tri-State queue reform terms should be modified, as our attached comments indicate. Steps like this need to be undertaken with more consideration of their impact on others and on

the potential development of renewable energy in Colorado. Coordination with other utilities and stakeholders is essential.

The limited number of current and potential transmission interconnection points begs for a coordinated effort to maximize the potential of those points within Colorado's Generation Development Areas (CDAs). (Report pp.3-4.)

This leads to CIEA's final point in these comments. We recommend that the Commission consider engaging an independent expert to review, analyze and recommend improvements to the current transmission planning process. An independent evaluator will provide balance and objectivity in the generation resource planning now being done before the Commission. A similar approach with transmission would be of great benefit for Colorado, and this is currently being done in North Carolina. This objective third party can review the current status of the Colorado transmission system, the coordinated planning efforts currently underway and the potential for new transmission facilities to serve potential generation and provide a "blueprint" or master plan for the Commission's consideration. A "fresh look" at the current status of the transmission system and its proposed development would benefit both the Commission and its constituents—the people of the State of Colorado.

Dated this ____ day of January, 2009.

Respectfully submitted,

HOLLAND & HART LLP

By: _____

**ATTORNEYS FOR COLORADO
INDEPENDENT ENERGY ASSOCIATION**

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies of the above and foregoing **COLORADO INDEPENDENT ENERGY ASSOCIATION'S COMMENTS** was hand delivered to the following on this 8th day of January, 2009:

Mr. Doug Dean
Executive Secretary
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