

Tri-State Generation and Transmission Association, Inc.
Revised Generator Interconnection Procedures
Comment Letters

Letter from First Solar—3/17/2009

Letter from Colorado Independent Energy Association (CIEA)—3/19/2009

Letter on behalf of CIEA and Interwest Energy Alliance—9/22/2009

Tri-State letter to CIEA and Interwest Energy Alliance—10/22/2009

Letter on behalf of CIEA and Interwest Energy Alliance—11/03/2009

Letter from Clipper Wind—12/21/2009

Letter on behalf of CIEA and Interwest Energy Alliance—12/21/2009



Comments on the Tri-State G&T proposed Large Generator Interconnection Procedures

First Solar, Inc. (NASDAQ: FSLR) is the world's largest manufacturer of thin film photovoltaic solar modules. Since our founding in 1999, we have successfully commercialized our proprietary thin film manufacturing process that allows us today to convert a sheet of glass into a functional solar module in less than 2.5 hours while providing significantly lower module production costs. First Solar is a market leader in utility-scale PV systems and has forward contracted for delivery of over 3.2 GW of modules during 2008-2012. First Solar is based in Phoenix, Arizona and has manufacturing operations in Ohio, Germany, and Malaysia.

First Solar agrees that the Pro Forma LGIP is broken in many areas of the U.S. and in need of reform. Generation projects that are successful in the competition to find a buyer for their energy should not be forced to experience delays and uncertainty in transmission interconnection while those projects that have been unsuccessful in the marketplace continue to fill the interconnection queue while they seek buyers. We agree that hurdles to submitting an Interconnection Application should be raised to reduce the amount of early stage or speculative projects in the queue that inhibit the ability of those projects that are ready to proceed from receiving timely and meaningful¹ interconnection analyses. Therefore First Solar supports Tri-State G&T in its efforts to resolve this difficult problem. While we support Tri-State's direction for reform, First Solar has identified areas where the proposal can be improved or clarified and offers our comments below.

Comments on the Tri-State Increased Interconnection Application Requirements

First Solar requests that additional clarification be provided concerning the prerequisites to having an accepted Interconnection Application.

Deposits

Please clarify as to whether the Application deposits are pre-payment for transmission technical studies or whether additional payments will be required for such studies. If they are not pre-payments, when would the deposits be returned?

Site Control

Please define the types of control that qualify to meet the "50% of land to accommodate project is required."

Comments on the System Impact Study (SIS) Process

The proposal states that the SIS would only examine Interconnection Facilities and Localized Network Upgrades not identified in the Load and Resource Transmission Study (LRTS). For those Network Facilities that are identified in the study of the analyses of Applicant's project and not identified in the LRTS, will the costs associated with those facilities be automatically assigned to the Applicant or will there be an opportunity to revisit as to whether they should be identified as part of the LRTS. One alternative would be to limit the scope of the Network Upgrades that the Applicant is required to fund

¹ Transmission studies that include numerous speculative projects simply because they have a higher queue position does little to inform either TSGT or the Project Developer as to what facilities are actually needed to accommodate a new generator.



through the LGIA to those facilities that are necessary to establish a physical connection to the transmission system and not associated with increasing the transmission system capacity to accommodate the project. Any capacity related upgrades would be rolled into the LRTS.

The transmission upgrade process can be lengthy, especially when new rights-of-way may be required. The SIS will need to identify the transmission upgrades in the LRTS that are necessary to accommodate the Applicant and the schedule for completing the identified upgrades. In the event that the schedule for the transmission upgrades exceeds the Applicant's generation project development timeline, the process should include an optional transmission system assessment of the potential for curtailment of the project in the event the Applicant connects the generation project in advance of the completion of the applicable LRTS upgrades. The Applicant and its customer could then assess whether to request that the project be developed and connected to the transmission system prior to the completion of the Network Upgrades.

Comments on the Process Following the Facilities Study

If an Applicant's proposed generation facility has Network Upgrades to be funded through the LGIA rather than through the LRTS, how would transmission credits be provided to the Applicant as the Applicant is not contracting for transmission services? The Applicant would not have a direct vehicle to monetize the transmission credits to offset the cost of the upgrades.

The proposal requires that a deposit equal to the full costs of all assigned transmission costs be made up front. In cases where new lines may be required, the process can be lengthy and require a large payment by the applicant significantly in advance of the actual expenditure by Tri-State. Rather than provide a cash deposit for the full cost, alternative security such as a Letter of Credit or Corporate Guarantee, should also be allowed. In the event alternative security is provided, the security would be reduced each year and replaced with cash based on the cash flows required for the coming year for the transmission project(s) linked to the Applicant's generation project or transmission service request.

General Comments

The process description should include a consolidated timeline that includes both the LRTS and the LGIP. The LRTS process should include the deadline for Network Customers to identify Network Resources for inclusion in the LRTS.

Robert Jenkins
Director, Transmission and Interconnection
First Solar, Inc



COLORADO INDEPENDENT ENERGY ASSOCIATION

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March 19, 2009

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

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

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

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

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

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

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

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

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

1. Optional Feasibility Study and Pre-Application Queue Phase

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

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

2. Study Deposits

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

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

3. Site Control

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

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

4. Stand-Alone Transmission Study Methodology

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

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

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

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

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

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

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

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

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

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

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

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

6. Facility Study Milestones

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

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

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

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

7. Suspension of LGIA

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

Colorado Independent Energy Association

Interwest Energy Alliance



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

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

October 22, 2009

Karl F. Kumli, III, Esq.
Dietz and Davis, P.C.
Sienna Square Building
2060 Broadway, Suite 400
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Dear Mr. Kumli:

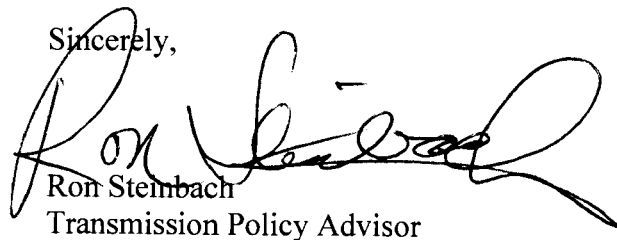
We appreciate your clients', Colorado Independent Energy Association and Interwest Energy Alliance, interest in Tri-State's Large Generator Interconnection Procedures (LGIP) reform process. This letter follows the meeting on October 13, 2009 at which Tri-State, your clients and you discussed the concerns identified in your letter dated September 22, 2009.

The meeting was productive. This is to confirm that all participants agreed that, to allow an equal opportunity for all stakeholders to provide input, Tri-State would post on its website: (1) Section 7.1.1 of its proposed revised LGIP, which relates to the order of performing System Impact Studies, and (2) Article 5.14.1 of Tri-State's proposed revised Large Generator Interconnection Agreement (LGIA), which relates to whether a project may be suspended after entry into an LGIA. At the same time, Tri-State will open a thirty day comment period to receive input from stakeholders with respect to any issues that relate specifically to either of these components of the LGIP and LGIA. Tri-State will review all comments received and, in its sole determination, make any appropriate changes.

To acceptably resolve all the issues that were raised in your letter and recognizing the results of previous meetings with CIEA, Interwest, and its members, we agreed that (1) Tri-State's further review of the above two items would be suitable to address your clients' concerns; and (2) you and your clients will not be seeking any other changes with respect to the existing and proposed LGIP and LGIA.

We look forward to receiving your comments along with those of other stakeholders. In the meantime, if you or your clients have questions please feel free to contact me at (303) 254-3355 or at rsteinbach@tritategt.org.

Sincerely,



Ron Steinbach
Transmission Policy Advisor

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Karl F. Kumli, III, Esq.
October 22, 2009
Page 2

cc: Nick Muller, Executive Director, Colorado Independent Energy Association
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Peter Matt, Of Counsel Bruder, Gentile & Marcoux, L.L.P.
Joel, Senior Vice President, Transmission, Tri-State Generation & Transmission
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November 3, 2009

Tri-State Generation and Transmission
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Ron Steinbach, Transmission Policy Advisor
Senior Vice President
1100 W. 116th Avenue
Westminster, Colorado 80234

Via U.S. Mail and Email: rsteinbach@tristategt.org

*Re: Revised Open Access Transmission Tariff of Tri-State Generation and Transmission
Association, Inc.*

Dear Mr. Steinbach:

Thank you for your letter, dated October 22, 2009, on behalf of Tri-State Generation and Transmission Association. Both the Colorado Independent Energy Association (CIEA) and the Interwest Energy Alliance (Interwest) appreciated Tri-State's willingness to hear their concerns with regard to the revised, interim Large Generator Interconnection Procedure (LGIP) and Large Generator Interconnection Agreement (LGIA). Further, CIEA and Interwest are hopeful that Tri-State's proposition to open a thirty day comment period to receive input from stakeholders regarding revisions to paragraph 7.1.1 of the LGIP and paragraph 5.14.1 of the LGIA will lead to a productive result. CIEA and Interwest are also hopeful that a resolution can be achieved that satisfies the concerns of both Tri-State and renewable energy generation and independent power producers in a manner which meets the standards required by FERC Order Nos. 2003 and 890.

As we discussed, CIEA and Interwest will seek input from their members as to how to best effectuate revisions to the subject provisions of the LGIP and LGIA. The concerns expressed in CIEA and Interwest's letter dated September 22, 2009 remain in place at this time, as well as the concerns iterated by CIEA and Interwest during the first phase of the stakeholder process earlier this year. The organizations are committed to ensuring an open and non-discriminatory transmission connection procedure is available to all of their member power producers. Subject to Tri-State's willingness to accommodate alternative language in the two provisions subject to further notice and comment, the organizations will not seek any other changes with respect to the proposed LGIP and LGIA.

Tri-State Generation and Transmission Association, Inc.
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Both CIEA and Interwest look forward to participating in this subsequent stakeholder comment period and seek documentation from Tri-State memorializing the time period for comments and the issues to be resolved. At your earliest convenience, please make available for CIEA and Interwest the relevant notice to let the organizations know the time period for the proposed comment period and to whom comments should be addressed. Thank you for your attention to our concerns.

Sincerely,

DIETZE AND DAVIS, P.C.



Karl F. Kumli, III
Mark D. Detsky

MDD
Enclosure

cc: Nicholas G. Muller, Executive Director, Colorado Independent Energy Association
Craig Cox, Executive Director, Interwest Energy Alliance
Kenneth Reif, General Counsel, Tri-State Generation and Transmission Association, Inc.



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December 21, 2009

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Westminster, Colorado 80234

Via Hand Delivery and Email:
rsteinbach@tristategt.org

Re: Comments on Revised Open Access Transmission Tariff of Tri-State Generation and Transmission Association, Inc.

This document presents the comments of the Colorado Independent Energy Association (“CIEA”) and the Interwest Energy Alliance (“Interwest”) (together, the “Power Producers”). The Power Producers’ combined membership represents over 75 independent developers of power generation facilities in Colorado, specifically including renewable energy generators who may seek to interconnect to Tri-State’s integrated transmission system. The Power Producers have expressed concern during the course of 2009 to Tri-State over the two provisions of the revised LGIP and LGIA that are the subject of the instant comment period. The Power Producers appreciate this opportunity to comment on Tri-State’s revised OATT.

The Power Producers believe that Tri-State’s tariff reforms must recognize that Tri-State is not directly analogous to an ISO or RTO, and Tri-State should adjust its policies accordingly. During the past several years, a number of transmission providers have enacted, and the Federal Energy Regulatory Commission (“FERC”) has approved, comprehensive changes to interconnection queue reform and agreements driven largely by concerns related to renewable energy development. These providers include the Midwest and California Independent System Operators (“MISO” and “CAISO”) and the Southwest Power Pool (“SPP”). Unlike those entities, Tri-State is an off-taker of electricity from power generators. Also unlike the aforementioned entities, should Tri-State present the FERC with a request for continued reciprocity treatment under FERC Order No. 890 or if a proceeding is initiated pursuant to Federal Power Act §211(A), Tri-State will be subject to a stricter standard of review of its OATT reforms, one of substantial conformance with the *pro forma* tariff. Regardless of Tri-State’s intentions vis-à-vis maintaining its reciprocity status, the Power Producers recognize Tri-State’s attempts to reconcile its views with the views of its customers via the stakeholder process and appreciate the effort to come to consensus.

In order to reach a compromise between the concerns of Tri-State and those of the Power Producers, the Power Producers present the following substantive revisions to the revised OATT for Tri-State's consideration.

A. Large Generator Interconnection Procedures ("LGIP") Paragraph 7.1.1.

Tri-State has stated that LGIP paragraph 7.1.1 is an attempt to move toward a "first-ready, first-served" approach to queue reform. Tri-State's stated concern is that the queue backlog prevents projects that are ready to move forward from being studied – and therefore ready for an interconnection agreement – in time to meet generators' obligations. However, because Tri-State, as an off-taker of power, has a greater stake in potentially affecting the interconnection process, Tri-State should make very clear how its own interests will not be involved in its administration of its interconnection queue.

It is important to recognize three salient principles related to Tri-State's current proposed LGIP paragraph 7.1.1 as applied to Tri-State's specific region. First, it is not practical for independent power producers, especially renewable energy developers, to have executed power purchase agreements ("PPAs") or to invest in becoming a Network Resource without first having gone through the System Impact Study process to understand the costs of interconnection or network upgrades for which the entities will be financially responsible. Second, Colorado utilities connected to Tri-State's transmission system require transmission and financing questions to be answered before executing a PPA, creating a chicken-or-egg problem with Tri-State's proposed expedited study process. Finally, Tri-State's transmission system may include interconnection requests from merchant generators who will not seek a PPA or seek to become a Network Resource, but may nevertheless be ready to develop in order to sell power in other markets, such as the SPP Energy Imbalance Market. Such entities will have no ability to expedite the study process for their projects.

It is important also to recognize that other transmission providers that have enacted a first-ready, first-served approach to interconnection have either abandoned the serial study approach or not sought to expedite projects above others due to Network Resource designation under the guidelines of FERC Order Nos. 890 and 2003. For example, the Bonneville Power Administration ("BPA") created an "open-season" process that streamlined queue reform, but its process does not include expedited treatment for network resource designation. The SPP and CAISO reforms have no means of expediting projects through the study process.

Because CAISO, SPP and BPA have all transferred their queues to a cluster-study format, which Tri-State has eschewed, MISO is the most analogous to Tri-State's interim reforms. MISO has instituted reforms for expediting projects through its various study stages. Notably, MISO's milestones are proportional to the timeline of the interconnection process, growing stricter as a project nears completion of the interconnection process. The Tri-State OATT reform is not currently designed to fit that template. The main lesson to be imparted from MISO, therefore, is that project developers are presented with options to advance in the queue based on project readiness at each stage of the study process. Execution of a PPA

or network resource is one option to indicate project readiness late in the study process, not at the beginning.

CIEA and Interwest can support Tri-State's rationale to fast-track the study process for generators that are ready to move forward, but there should be an objective set of options for generators to show that their projects are ready to be expedited above projects that may not be ready to move forward, yet are higher in the transmission queue. It is not practical to assume that projects that have not yet been studied for transmission interconnection will have an executed power purchase agreement with no indication of transmission costs or timing. Nor is it practical to have Network Resource designation as the only alternative to an executed PPA.

The revised language below builds upon that employed by MISO. The language seeks to replace the preferences for Network Resources or generators with executed PPAs before the System Impact Study phase to a broad set of indicators of project readiness that have been accepted by the FERC. While CIEA and Interwest may be willing to accept the expedited treatment as originally proposed by Tri-State as a part of a larger range of options, it is imperative that there be a variety of possible indicators of project readiness so as not to allow a perception of discrimination by Tri-State for its own favored projects and to solve the chicken-or-egg problem for generators seeking to interconnect to neighboring systems. Note that the site control option presented is that required for the Facilities Study phase of the LGIP, and therefore is a signal that a project is ready for expedited treatment through the earlier System Impact Study phase of the LGIP.

The Power Producers suggested language changes to Paragraph 7.1.1 of the Tri-State interim LGIP are as follows:

7.1.1 Prior to commencement of the System Impact Study, an Interconnection Customer may ~~provide~~ demonstrate **increased** project readiness to ~~shall enable~~ Transmission Provider to commence the study on an expedited basis via the following combination of options : (i) ~~reasonable evidence of designation of the Generating Facility as a Network Resource, or (ii) a power purchase agreement or letter of intent between the Interconnection Customer and a power purchaser to enter into a power purchase agreement. Such demonstration of project readiness shall enable Transmission Provider to commence the study on an expedited basis, in line with work already in progress.~~

1. All of the following:

- a. **Provision of a definitive point of interconnection and requested capacity;**
- b. **Provision of a one-line diagram of the facility and associated electrical equipment;**
- c. **Certification of at least 50% site control or designation of the security posted as nonrefundable; and**

2. Any two of the following:

- a. **documentation of application for state or local air, water, or land permits or federal nuclear or hydroelectric permits and that the application(s) is proceeding per regulations;**

- b. **approval of the facility by a state utility regulatory commission;**
- c. **approval to proceed with the project from Interconnection Customer's board of directors or its highest level of approval authority as determined by its governance structure;**
- d. **demonstration that generation turbines have been ordered for the Generating Facility;**
- e. **security reasonably acceptable to the Transmission Provider equal to the requested gross nameplate capacity times the rate for one (1) month of drive-out point-to-point transmission service calculated on the notification date requesting submission of requirements to commence System Impact Studies.**

B. Large Generator Interconnection Agreement ("LGIA") Paragraph 5.14.1

CIEA and Interwest appreciate that Tri-State has experienced problems with suspension and seeks to remove those problems by eliminating suspension for economic reasons. However, Tri-State has not shown that suspension affects its queue to the degree demonstrated by MISO or by SPP. The Power Producers have not understood the urgency for suspension reform in Tri-State's queue. The Power Producers recognize, however, that suspension reform has been approved by the FERC and is a legitimate vehicle to address a backlog in the interconnection queue.

However, Tri-State should allow more flexibility than MISO or SPP in its suspension policy because it is not an independent system operator and should be held to a stricter standard, regardless of whether Tri-State seeks FERC approval of its revised OATT. The proposed revised suspension provisions ask for more time for generators' possible deferral of the Facilities Study process that is still ½ of the time suggested by the FERC *pro forma* tariff for suspension. SPP's interconnection reform, for example, has gone with an 18-month suspension period. The revised language in the LGIA seeks to strike a balance that allows both parties to work together to determine if a suspension is warranted for force majeure reasons.

The Power Producers suggest substantive and language changes to both the interim LGIP with regard to deferral and paragraph 5.14.1 of the interim LGIA as follows:

1. Extend the period of deferral between the two study periods to 1.5 years from 1 year.
2. The language changes seek to strike a balance wherein generators have an objective standard by which to measure their proposed suspension and the certainty that Tri-State's approval of suspensions is subject to its definition of force majeure in the LGIA and may not be unreasonably withheld:

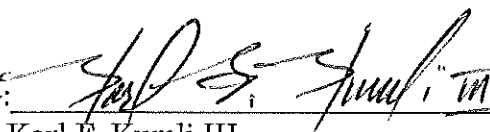
5.14.1 If a Force Majeure event occurs that may impact the construction of Facilities identified in Appendix A, Interconnection Customer must provide documentation to the Transmission Provider describing the event and the basis for a request for Suspension. If

the documentation is ~~acceptable~~ **comports with the definition of Force Majeure in section 1.1 of this Agreement to the Transmission Provider, the Transmission Provider shall approve such suspension, which approval shall not be unreasonably withheld.** The Transmission Provider shall suspend at a ~~mutually agreeable~~ **mutually agreeable** any time all work, or otherwise agreed upon work, by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

The Power Producers remain available to Tri-State to discuss the comments presented here. Please do not hesitate to contact us with any questions. Thank you for your attention to these comments.

Respectively submitted this 21st day of December 2009.

DIETZE AND DAVIS, P.C.

By: 
Karl F. Kumli III
Mark D. Detsky

ATTORNEYS FOR COLORADO INDEPENDENT ENERGY
ASSOCIATION AND INTERWEST ENERGY ALLIANCE

cc: Nicholas G. Muller, Esq., Executive Director, Colorado Independent Energy
Association
Craig Cox, Executive Director, Interwest Energy Alliance
Ken Reif, Esq., General Counsel, Tri-State Generation and Transmission
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September 22, 2009

Tri-State Generation and Transmission
Association, Inc.
Ron Steinbach, Transmission Policy
Administrator
Senior Vice President
1100 W. 116th Avenue
Westminster, Colorado 80234

VIA HAND DELIVERY

*Re: Revised Open Access Transmission Tariff of Tri-State Generation and Transmission
Association, Inc.*

Dear Ron:

This firm represents the Colorado Independent Energy Association and the Interwest Energy Alliance (the "Power Producers"). The Power Producers request a meeting with Tri-State Generation and Transmission Association, Inc. The purpose of the meeting is to come to agreement upon changes to Tri-State's current, revised Open Access Transmission Tariff ("OATT"). As detailed below, the Power Producers believe that several changes made by Tri-State to its Large Generator Interconnection Procedures ("LGIP") and its Large Generation Interconnection Agreement ("LGIA") do not substantially conform to the *pro forma* OATT propounded by the Federal Energy Regulatory Commission ("FERC" or "the Commission"). These certain changes made by Tri-State will result in undue discrimination against the Power Producers, and specifically against renewable energy generation facilities which may wish to interconnect to Tri-State's transmission control area in either Colorado, Wyoming, New Mexico or Nebraska. The Power Producers are requesting that Tri-State amend its revised OATT in order to comply with FERC Order Nos. 888, 889, 890 and 2003.

Tri-State is subject to FERC jurisdiction by virtue of its reciprocity filings.

As a non-public cooperative utility financed via the Rural Utility Service, Tri-State is a non-jurisdictional utility under the Federal Power Act. See Order 888, ¶ 31,036 at 31,858. However, Tri-State has submitted to the jurisdiction of the Commission under its "safe harbor" jurisdiction in order to receive reciprocity from neighboring utilities' transmission service and in order to receive approval for its participation in WestConnect. See WestConnect, 124 FERC P 61,240, (September 18, 2008). In Decision No. NJ01-4-000, the Commission found that Tri-State agreed

to be bound by the Commission's standards of conduct and orders related to the prevention of undue discrimination in the provision of transmission service comparable to that of a public utility. Tri State Generation and Transmission Association, 96 FERC P 61268 at ¶ 2, (September 12, 2001). Further, under FERC Order 890, Tri-State must re-file its revised OATT with the Commission in order to continue to receive reciprocity treatment. Order 890, at ¶ 191; Id. at FN 113. When Tri-State submits this mandatory filing, the Commission's analysis will include a review of Tri-State's revised LGIP and LGIA. Id. at 842. If Tri-State does not file its revised OATT, FERC may also review Tri-State's transmission practices under Federal Power Act §211(A). Order 890, at ¶441. Additionally, if Tri-State's transmission procedures affect the rates at which the jurisdictional utilities charge their customers, then Tri-State's transmission practices may also be reviewed by the Commission on those grounds. 124 FERC P 61240, at ¶14.

The Power Producers are aware that Tri-State has undertaken transmission reform in order to alleviate the backlog in its interconnection queue and allow for the quicker processing of viable projects that seek interconnection. Our analysis of Tri-State's revised OATT, however, has found that the revised OATT is legally deficient in several key areas that must be reconciled in order for the Power Producers to avoid having to proceed with alternate options for safeguarding market access to Tri-State's transmission control area.

Necessary Changes to Tri-State's Revised OATT.

The Power Producers believe that the following sections of Tri-State's LGIP and LGIA must be revised or eliminated in order to alleviate the potential undue discrimination to independent power producers who wish to gain market entry and establish Energy Resource Interconnection Service with Tri-State to facilitate power market transactions between IPPs and neighboring utilities. A list of the specific provisions discussed below is attached to this letter as ATTACHMENT A.

1. Treatment of Network Resources as compared to Energy Resources.

The first enumerated central tenet of FERC Order 2003 was to "limit opportunities for Transmission Providers to favor their own generation." FERC Order 2003, at ¶12. New LGIP section 7.1.1 and related provisions concerning queue position (e.g., §4.1) grant expedited preference to Network Resources in the processing of interconnection requests. Tri-State must remove section 7.1.1 in order to provide comparable service and access to market participants as is provided to their Network Resources in order to comply with FERC Order 2003.

With regard to the section 7.1.1 requirement of having achieved a purchase power agreement, the condition precedent to receiving expedited queue processing does not make legal or practical sense. As applied to surrounding utilities, Tri-State is creating a situation that will be unduly discriminatory to renewable energy facility customers as well as to merchant generation facilities. As Tri-State is aware, Colorado and surrounding states are not served by an Independent System Operator or Regional Transmission Operator. Such entities may justifiably

advance projects that may connect with utilities purchasing power. However, in this instance Tri-State is itself a power purchaser, and so will be able to favor its own projects. Additionally, because of solar and wind resource availability, neighboring utilities will increasingly depend on renewable resources located within Tri-State's control area. Because these utilities require transmission cost analysis as part of their project screening, Tri-State's revised LGIP will result in restriction of those projects' ability to reach network loads of neighboring utilities. This will result in undue discrimination toward neighboring utilities. Because projects that are impeded by operation of Tri-State's section 7.1.1 otherwise may be able to provide a lower delivered cost of power than projects not within Tri-State's control area, Tri-State's tariff would result in rate impacts that are under the Commission's jurisdiction. Merchant power producers, who are not required to enter into a power purchase agreement in order to develop projects, will also face undue discrimination as viable projects could nevertheless be bypassed due to the preference expressed via section 7.1.1.

2. Suspension provision in LGIA.

Tri-State's revised OATT has removed the right of an Interconnection Customer to suspend the LGIA as contemplated in the *pro forma* LGIA approved by the Commission. Tri-State has inserted language in LGIA ¶5.14 indicating that suspension may only occur due to force majeure occurrence that is presented by the Interconnection Customer and accepted and approved by Tri-State. By contrast, the *pro forma* LGIA suspension provision, at ¶5.16, reserves the right of suspension to the Interconnection Customer without the need for transmission provider approval.

By changing a reserved right to an extremely selective emergency-type situation that must be approved by Tri-State, the revised Tri-State LGIA severely hampers independent power producers, especially renewable energy providers that require a large land footprint and can involve significant challenges not faced by conventional generators that may require suspension of an LGIA. Such an onerous restriction to market entry stifles the viability of projects. Further, disallowing the right of a project going forward with interconnection to suspend the LGIA does not address the problems for which Tri-State has stated necessitates a change to its OATT. The Power Producers note that both the *pro forma* LGIA and the Tri-State LGIA contain force majeure provisions separate from the suspension provision. Adding a force majeure condition to the suspension provision therefore negates the purpose of the suspension provision and makes redundant and inapplicable the actual force majeure provision provided by the *pro forma* tariff. Tri-State's revised suspension provision operates as an unreasonably discriminatory barrier to interconnection which is both unfair and out of compliance with the *pro forma* tariff.

3. System Impact Study and Facility Milestones.

The *pro forma* tariff includes a two-step process to an Interconnection Facilities Study, with step one introducing a Feasibility Study (Section 6) and step two introducing the System Impact Study (Section 7). Tri-State's revised OATT has eliminated the Feasibility Study from its OATT. Tri-State asserts that its revised procedure will not harm Power Producers because

companies may determine feasibility on their own. Eliminating the feasibility study step of the *pro forma* LGIP, however, will have the practical result of increasing costs to Power Producers. Power Producers will still have to invest the resources necessary to evaluate feasibility while increasing risk because the transmission provider will not be reviewing those evaluation analyses. Further, by committing to robust studies as a first step in the Tri-State interconnection process, both Tri-State and Power Producers will fuel increase costs and uncertainty as a result of the revised LGIP. If Tri-State's goal is to move through its backlog of queue requests in a more thorough and expedited fashion, a less expensive and quicker initial Feasibility Study is better calculated to accomplish that purpose.

The Power Producers note that the *pro forma* tariff allows for modifications of the proposal as a result of the Feasibility Study, which allows projects to be assessed in a timely, accurate and consistent fashion. Tri-State's limitations further discriminate against projects that would, under the *pro forma* tariff, be allowed to make adjustments as a result of the feasibility study, or decrease project size. See Sections 4.4.1, 4.4.2, 4.4.3 and Section 6.1 of the *pro forma* LGIP.

The concepts of single interconnection service and new requirements for facility study appear to be contrary to Tri-State's goal of advancing queue reform. In addition, Tri-State's revisions to the *pro forma* pattern of project and study development will require Tri-State to present the Commission a plan that takes rights away from projects that have not already been selected by Tri-State. At the same time, Tri-State has drastically increased its required deposit amounts above those supported by the *pro forma* tariff in Sections 3.3.1 and 5.1. While there are instances when increased deposit amounts have been allowed by the Commission, Tri-State's situation is not analogous to those tariffs. In addition, Tri-State includes the amorphous and unidentified "administration" costs over and above those required for Interconnection Studies and limits the refundability of those costs over that approved in the *pro forma* tariff.

The combination of these requirements means that an independent renewable energy generation facility, if not pre-selected by Tri-State to be a Network Resource, will face derailment of its project if it does not risk capital resources to participate in a sped-up and revamped study regime that does not allow for initial screening, but instead plays by an unduly discriminatory system of exaggerated deposits and onerous requirements based on a first-come, first-serve single interconnection study. Such a system will face a heavy burden to show substantial compliance with the *pro forma* tariffs approved by the Commission.

The Power Producers note that Tri-State's revised OATT has also eliminated the liquidated damages provision included in ¶5.3 of the *pro forma* LGIA for non-performance by the transmission provider. Lack of a liquidated damages provision is in contravention of the remedies provided by the *pro forma* tariff and exposes Tri-State to significant liability as well.

The Power Producers believe that Tri-State should add additional provisions that generally support clustering of studies, rather than the continuation of serial study practices. Cluster studies cut down on administrative costs and improve the analysis of the backlog of requests in

the interconnection queue, and therefore dovetail with Tri-State's stated goals of its OATT revision.

Conclusion

Adequate grounds exist for Tri-State to submit its revised LGIP and LGIA to the Commission's jurisdiction or for the Power Producers to initiate a complaint pursuant to the Commission's rules of practice and procedure. However, the Power Producers wish to resolve their concerns via a negotiated settlement and revision of the OATT posted on May 22, 2009.

In order to maintain reciprocity "safe harbor" status with the Commission's approval, Tri-State must petition the FERC for a declaratory order that its revised OATT filing, including its LGIP Interconnection Agreement, is non-discriminatory under FERC Orders 888 and 890. To receive FERC approval, Tri-State must show that the revised LGIP and LGIA substantially conform to or are superior to, the Final Rule LGIP and Final Rule LGIA *pro forma* tariffs. In addition, the LGIP must be comparable or exceed the requirements of the Commission's non-discriminatory standards and the *pro forma* tariffs under FERC Order 2003.

For the above-stated reasons, the Power Producers believe that Tri-State's revised OATT in its current iteration will not meet those standards. A satisfactory resolution would be one that allows energy resources to be treated on an equal footing with network resources and puts Tri-State's tariff substantially comparable to the *pro forma* tariff, so as to encourage market entry. The Power Producers believe that such a resolution is possible while addressing Tri-State's concerns to remove the backlog of its interconnection queue and ensure that viable projects are expedited through the queue process.

Please contact me at your earliest convenience to discuss any part of this letter or to discuss setting up a meeting between Tri-State and the Power Producers. Thank you for your attention to this matter.

Sincerely,

DIETZE AND DAVIS, P.C.



Karl F. Kumli, III
Mark D. Detsky

Enclosure

cc: Nick Muller, Executive Director, Colorado Independent Energy Association
Craig Cox, Executive Director, Interwest Energy Alliance
Kenneth Reif, General Counsel, Tri-State Generation and Transmission Association, Inc.

ATTACHMENT A to LETTER DATED September 22, 2009

Language differences are underlined or *italicized*.

1. LIMITATION TO NETWORK RESOURCES FOR INTERCONNECTION SERVICES FOR MARKET PARTICIPANTS

A. §7.1.1

TRI-STATE:

7.1.1 Prior to commencement of the System Impact Study, an Interconnection Customer may provide (i) reasonable evidence, such as a letter of intent, between the Interconnection Customer and a Network Customer to designate the Generating Facility as a Network Resource, or (ii) a power purchase agreement or letter of intent between the Interconnection Customer and a power purchaser to enter into a power purchase agreement. Such indicia of project readiness shall enable Transmission Provider to commence the study on an expedited basis, in line with work already in progress.

PRO FORMA

No comparative provision.

B. §4.1

TRI-STATE

4.1 General.

Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed... Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing System Impact Studies subject to Section 7.1.1. A higher queued Interconnection Request is one that has been placed “earlier” in the queue in relation to another Interconnection Request that is lower queued.

PRO FORMA

4.1 General.

Transmission Provider shall assign a Queue Position based upon the date and time of receipt of the valid Interconnection Request; provided that, if the sole reason an Interconnection Request is not valid is the lack of required information on the application form, and Interconnection Customer provides such information in accordance with Section 3.3.3, then Transmission Provider shall assign Interconnection Customer a Queue Position based on the date the application form was originally filed. Moving a Point of Interconnection shall result in a lowering of Queue Position if it is deemed a Material Modification under Section 4.4.3.

The Queue Position of each Interconnection Request will be used to determine the order of performing the Interconnection Studies *and determination of cost responsibility for the facilities necessary to accommodate the Interconnection Request*. A higher queued Interconnection Request is one that has been placed "earlier" in the queue in relation to another Interconnection Request that is lower queued.

2. SUSPENSION

A. §5.14 / §5.16

TRI-STATE

5.14 Suspension for Force Majeure Event.

5.14.1 Suspension. If a Force Majeure event occurs that may impact the construction of Facilities identified in Appendix A, Interconnection Customer must provide documentation to the Transmission Provider describing the event and the basis for a request for Suspension. If the documentation is acceptable to the Transmission Provider, the Transmission Provider, shall suspend at any time all work, or otherwise agreed upon work, by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.14, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

PRO FORMA

5.16 Suspension. *Interconnection Customer reserves the right, upon written notice to Transmission Provider, to suspend at any time all work by Transmission Provider associated with the construction and installation of Transmission Provider's Interconnection Facilities and/or Network Upgrades required under this LGIA with the condition that Transmission System shall be left in a safe and reliable condition in accordance with Good Utility Practice and Transmission Provider's safety and reliability criteria. In such event, Interconnection Customer shall be responsible for all reasonable and necessary costs which Transmission Provider (i) has incurred pursuant to this LGIA prior to the suspension and (ii) incurs in suspending such work, including any costs incurred to perform such work as may be necessary to ensure the safety of*

persons and property and the integrity of the Transmission System during such suspension and, if applicable, any costs incurred in connection with the cancellation or suspension of material, equipment and labor contracts which Transmission Provider cannot reasonably avoid; provided, however, that prior to canceling or suspending any such material, equipment or labor contract, Transmission Provider shall obtain Interconnection Customer's authorization to do so.

Transmission Provider shall invoice Interconnection Customer for such costs pursuant to Article 12 and shall use due diligence to minimize its costs. In the event Interconnection Customer suspends work by Transmission Provider required under this LGIA pursuant to this Article 5.16, and has not requested Transmission Provider to recommence the work required under this LGIA on or before the expiration of three (3) years following commencement of such suspension, this LGIA shall be deemed terminated. The three-year period shall begin on the date the suspension is requested, or the date of the written notice to Transmission Provider, if no effective date is specified.

B. §16.1

TRI-STATE

Article 16. Force Majeure

16.1 Force Majeure.

16.1.1 Economic hardship is not considered a Force Majeure event.

16.1.2 Neither Party shall be considered to be in Default with respect to any obligation hereunder, (including obligations under Article 4), other than the obligation to pay money when due, if prevented from fulfilling such obligation by Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure shall give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone notices given pursuant to this article shall be confirmed in writing as soon as reasonably possible and shall specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred and when the Force Majeure is reasonably expected to cease. The Party affected shall exercise due diligence to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

PRO FORMA

Provision is identical.

C. Force Majeure definitions are identical in §1

Force Majeure shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure.

3. SYSTEM IMPACT STUDY AND FACILITY MILESTONES

A. §4

TRI-STATE

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (b) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purpose of study analysis.

4.4.2 Prior to the return of the executed Interconnection Facilities Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease in electrical output pursuant to alternatives considered in the System Impact Study; and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

PRO FORMA

4.4.1 Prior to the return of the executed Interconnection System Impact Study Agreement to Transmission Provider, modifications permitted under this Section shall include specifically: (a) a decrease of up to 60 percent of electrical output (MW) of the proposed project; (b) modifying the technical parameters associated with the Large Generating Facility technology or the Large Generating Facility step-up transformer impedance characteristics; and (c) modifying the interconnection configuration. For plant increases, the incremental increase in plant output will go to the end of the queue for the purposes of cost allocation and study analysis.

4.2 Prior to the return of the executed Interconnection Facility Study Agreement to Transmission Provider, the modifications permitted under this Section shall include specifically: (a) additional 15 percent decrease of electrical output (MW), and (b) Large Generating Facility technical parameters associated with modifications to Large Generating Facility technology and transformer impedances; provided, however, the incremental costs associated with those modifications are the responsibility of the requesting Interconnection Customer.

4.4.3 Pro forma allows changes pursuant to 6.1

B. §6

TRI-STATE

Section 6. Interconnection Feasibility Study, instead has Section 6. Compliance with Reliability Standards

Interconnection Customer shall comply with all applicable NERC and Applicable Reliability Council Reliability Standard Requirements mandated by FERC, pursuant to Section 215 of the Federal Power Act.

PRO FORMA

6.1 Interconnection Feasibility Study Agreement.

Simultaneously with the acknowledgement of a valid Interconnection Request Transmission Provider shall provide to Interconnection Customer an Interconnection Feasibility Study Agreement in the form of Appendix 2. The Interconnection Feasibility Study Agreement shall specify that Interconnection Customer is responsible for the actual cost of the Interconnection Feasibility Study. Within five (5) Business Days following the Scoping Meeting Interconnection

Customer shall specify for inclusion in the attachment to the Interconnection Feasibility Study Agreement the Point(s) of Interconnection and any reasonable alternative Point(s) of Interconnection. Within five (5) Business Days following Transmission Provider's receipt of such designation, Transmission Provider shall tender to Interconnection Customer the Interconnection Feasibility Study Agreement signed by Transmission Provider, which includes a good faith estimate of the cost for completing the Interconnection Feasibility Study.

Interconnection Customer shall execute and deliver to Transmission Provider the Interconnection Feasibility Study Agreement along with a \$10,000 deposit no later than thirty (30) Calendar Days after its receipt. On or before the return of the executed Interconnection Feasibility Study Agreement to Transmission Provider, Interconnection Customer shall provide the technical data called for in Appendix 1, Attachment A. If the Interconnection Feasibility Study uncovers any unexpected result(s) not contemplated during the Scoping Meeting, a substitute Point of Interconnection identified by either Interconnection Customer or Transmission Provider, and acceptable to the other, such acceptance not to be unreasonably withheld, will be substituted for the designated Point of Interconnection specified above without loss of Queue Position, and Restudies shall be completed pursuant to Section 6.4 as applicable. For the purpose of this Section 6.1, if Transmission Provider and Interconnection Customer cannot agree on the substituted Point of Interconnection, then Interconnection Customer may direct that one of the alternatives as specified in the Interconnection Feasibility Study Agreement, as specified pursuant to Section 3.3.4, shall be the substitute.

If Interconnection Customer and Transmission Provider agree to forgo the Interconnection Feasibility Study, Transmission Provider will initiate an Interconnection System Impact Study under Section 7 of this LGIP and apply the \$10,000 deposit towards the Interconnection System Impact Study.

6.2 Scope of Interconnection Feasibility Study.

The Interconnection Feasibility Study shall preliminarily evaluate the feasibility of the proposed interconnection to the Transmission System. The Interconnection Feasibility Study will consider the Base Case as well as all generating facilities (and with respect to (iii), any identified Network Upgrades) that, on the date the Interconnection Feasibility Study is commenced: (i) are directly interconnected to the Transmission System; (ii) are interconnected to Affected Systems and may have an impact on the Interconnection Request; (iii) have a pending higher queued Interconnection Request to interconnect to the Transmission System; and (iv) have no Queue Position but have executed an LGIA or requested that an unexecuted LGIA be filed with FERC. The Interconnection Feasibility Study will consist of a power flow and short circuit analysis. The Interconnection Feasibility Study will provide a list of facilities and a nonbinding good faith estimate of cost responsibility and a non-binding good faith estimated time to construct.

6.3 Interconnection Feasibility Study Procedures.

Transmission Provider shall utilize existing studies to the extent practicable when it performs the study. Transmission Provider shall use Reasonable Efforts to complete the Interconnection Feasibility Study no later than forty-five (45) Calendar Days after Transmission Provider receives the fully executed Interconnection Feasibility Study Agreement. At the request of Interconnection Customer or at any time Transmission Provider determines that it will not meet the required time frame for completing the Interconnection Feasibility Study, Transmission Provider shall notify Interconnection Customer as to the schedule status of the Interconnection Feasibility Study. If Transmission Provider is unable to complete the Interconnection Feasibility Study within that time period, it shall notify Interconnection Customer and provide an estimated completion date with an explanation of the reasons why additional time is required. Upon

request, Transmission Provider shall provide Interconnection Customer supporting documentation, workpapers and relevant power flow, short circuit and stability databases for the Interconnection Feasibility Study, subject to confidentiality arrangements consistent with Section 13.1.

6.3.1 Meeting with Transmission Provider.

Within ten (10) Business Days of providing an Interconnection Feasibility Study report to Interconnection Customer, Transmission Provider and Interconnection Customer shall meet to discuss the results of the Interconnection Feasibility Study.

6.4 Re-Study.

If Re-Study of the Interconnection Feasibility Study is required due to a higher queued project dropping out of the queue, or a modification of a higher queued project subject to Section 4.4, or re-designation of the Point of Interconnection pursuant to Section 6.1 Transmission Provider shall notify Interconnection Customer in writing. Such Re-Study shall take not longer than forty-five (45) Calendar Days from the date of the notice. Any cost of Re-Study shall be borne by the Interconnection Customer being restudied.

C. §3.3.1

TRI-STATE

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a deposit of (a) \$125,000 for projects 75 MW or less, or (b) \$250,000 for projects greater than 75 MW; \$25,000 of said deposit shall be non-refundable if Interconnection Customer withdraws or is required to withdraw its Interconnection Request in accordance with Section 3.6, (ii) a completed application in the form of Appendix 1, including data required in Attachment A to Appendix 1, and (iii) demonstration of Site Control of at least fifty percent (50%) of sufficient land area to support the size and type of Generating Facility proposed. Deposit shall be applied toward administration of the Interconnection Request and any required Interconnection Studies.

Projects larger than 75 MW may extend the In-Service Date from the date the Interconnection Request is received by Transmission Provider by a period up to ten years or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

PRO FORMA

3.3.1 Initiating an Interconnection Request.

To initiate an Interconnection Request, Interconnection Customer must submit all of the following: (i) a \$10,000 deposit, (ii) a completed application in the form of Appendix 1, and (iii) demonstration of Site Control or a posting of an additional deposit of \$10,000. Such deposits shall be applied toward any Interconnection Studies pursuant to the Interconnection Request. *If Interconnection Customer demonstrates Site Control within the cure period specified in Section 3.3.3 after submitting its Interconnection Request, the additional deposit shall be refundable; otherwise, all such deposit(s), additional and initial, become non-refundable.*

The In-Service Date may succeed the date the Interconnection Request is received by Transmission Provider by a period up to ten years, or longer where Interconnection Customer and Transmission Provider agree, such agreement not to be unreasonably withheld.

December 21, 2009

Ron Steinbach
Tri State Generation and Transmission Association, Inc.
P.O. Box 33695
Denver, CO 80233

Dear Ron:

Clipper Windpower Development Company, Inc. ("CWD") applauds Tri-State for its initiative regarding queue process reform and also praises the genuine concern Tri-State has shown in creating Large Generator Interconnection Procedures ("LGIP") largely agreeable to all stakeholders by extending the comment period for the draft LGIP.

CWD, a wholly owned subsidiary of Clipper Windpower, Inc., actively develops global wind projects while focusing on the United States. From land acquisition and permitting to meteorological analysis and grid interconnection to project management and finance, our development covers the full range of activities necessary for successful wind project development. CWD's grid access team collectively has extensive experience working both for and with the electric utility industry, and actively participates in regional transmission forums as well as Regional Transmission Organizations and Independent System Operators.

CWD supports the majority of Tri-State's LGIP modifications but recommends alterations to LGIP Sections 7.1.1 and LGIA Section 5.14.1. CWD's primary concern regarding the new LGIP is Section 8.1, and CWD would be remiss if it did not express its concern that significant modifications are necessary to support Tri-State's goal of establishing a process that will allow competitive generators to deliver energy to load.

LGIP §7.1.1

While CWD appreciates the intent to move advanced stage projects through the Generator Interconnection queue quickly, CWD supports the Colorado Independent Energy Association and the Interwest Energy Alliance's protest that Section 7.1.1 would create an opportunity for Tri-State to favor its own generation in the queue process. Therefore CWD does not support the inclusion of Section 7.1.1 in the new LGIP.

LGIA §5.14.1

CWD is not necessarily opposed to the removal of the ability to suspend network upgrades upon which other projects rely. However, CWD sees no need to prohibit the suspension of interconnection facilities and local upgrades that are used solely by the project and therefore do not affect the network (e.g. interconnect substations). By only disallowing the suspension of shared or "non-local" network upgrades, Tri-State could

avoid the problem of suspended projects hampering lower queued projects while still addressing the stakeholders advocating for the flexibility afforded developers through the suspension process.

LGIP §8.1

CWD's greatest concern regarding the proposed LGIP is Section 8.1, which requires a Letter of Credit (LoC) for 50% of the cost of local network upgrades. We could not find a definition of "local network upgrades" in the tariff, but understand the term to refer to network upgrades with power flow only from the interconnecting project (the same as "Local Upgrades" in PJM's tariff). CWD recommends a clear definition of this term be included in the finalized tariff. In order to avoid undue discrimination against developers with small capital resources, CWD recommends that TriState lower the LoC amount to 25% of the cost of local network upgrades and also institute a cap of \$3 million. CWD believes this security amount will demonstrate project seriousness while avoiding unintended preferential treatment of developers with large capital resources.


Conclusion

In summary, CWD recommends the following edits to the Tri-State LGIP:

- Remove LGIP §7.1.1
- Revert LGIA §5.14.1 so that it allows suspension, but add a provision that disallows the suspension of shared or "non-local" network upgrades.
- In section LGIP §8.1 reduce and cap LoC requirement

CWD greatly appreciates the opportunity to assist Tri-State in developing a tariff that meets the needs of a diverse set of stakeholders. Please don't hesitate to contact us with questions or comments regarding this letter.

Best Regards,



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