
REPORTER'S TRANSCRIPT

TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.
LARGE GENERATOR INTERCONNECTION PROCEDURES REFORM

SECOND STAKEHOLDER MEETING

TUESDAY, MAY 5, 2009

1 MR. STEINBACH: I think we'll go ahead and
2 get started. Can people on the phone hear okay?

3 MR. SPEAKER: They can hear you, but you'll
4 have to speak up.

5 MR. STEINBACH: Oh, okay. Oh, all right, so
6 everybody on the phone is muted right now.

7 I wanted to welcome everyone to our Second
8 Stakeholder meeting on our Large Generator
9 Interconnection Procedures, and for those that are on
10 the phone, if you keep your phone muted, unless you
11 have a question, that would be great.

12 Hello? Yeah, if you can keep your phone --

13 MR. SPEAKER: Hello?

14 MR. STEINBACH: Hello. We'd like to keep the
15 phones muted unless you have a question and also,
16 please do not put your phone on hold. Just put it on
17 mute. And if you have a question, you can ask it over
18 the phone or also on the webcast, there should be a box
19 on the lower right-hand corner that you can type your
20 question in and we will have it.

21 MR. SPEAKER: Okay, good. Is this Jonathan?

22 MR. STEINBACH: All right. Well, I guess
23 what I'd like to do first is to introduce some of the
24 key staff who have been working on this program and now
25 they've disappeared. Where are they? I don't see

1 them.

2 Well, Larry Stark is here from my
3 transmission group. Andy Leoni and Gerald Brooks are
4 both here. My name is Ron Steinbach. We also have
5 Peter Matt, our counsel, that's helped us work on this
6 and with that, I think we'll go ahead and get started.

7 Okay. The agenda today is a fairly short
8 agenda, but the middle piece is going to be pretty
9 long. I'm going to spend just a little bit of time
10 going over the background of what we put out in
11 February. The bulk of the day today is going to be
12 spent doing a review of the overall process, talking
13 about the changes that we've made and also, as we go
14 through the process, I'm going to discuss the comments
15 that we got and kind of try to tie it all together
16 there. We'll finish up then with a proposed schedule
17 at the end.

18 In February, the proposal that we put out at
19 our stakeholder meeting in February, we retained most
20 of the changes that we adopted in January in our
21 interim Large Generator Interconnection Procedures, but
22 then we expanded on that. This process is based on
23 Load and Resource Study, submitted by our network
24 customers and the related Transmission Study that we'll
25 perform after we get that information.

1 There are new options for determining network
2 upgrades in this process that are different from what
3 we have today. We're talking about establishing semi-
4 annual request windows for submitting requests for
5 interconnection.

6 The queue management is going to change. The
7 current process basically is first-come/first-served.
8 What we're proposing in this process is a first-
9 come/first-serve through the System Impact Study and
10 then after the Impact Study, it's first-ready/first-
11 served based on milestones. We have some milestones
12 out there for the Facilities Study that once you hit
13 those milestones, the first one to hit those goes
14 first. And then there are also three options for
15 proceeding -- three primary options for proceeding to
16 get a Facilities Study.

17 And this is just kind of a reminder. This is
18 the same chart that we've been showing, that we showed
19 last time. There's some changes in the wording in some
20 of the boxes to account for some of the changes we've
21 made, but this is basically the process and I'm going
22 to go through it, break it down into sections -- into
23 four sections and spend some time talking on each one
24 of those.

25 So we begin the process with our network

1 customers submitting Load and Resource Studies or Load
2 and Resource Plans. We will aggregate those plans and
3 then perform what we are calling a "Load and Resource
4 Transmission Study," based on the results of those
5 plans. We'll get that. We plan on publishing that
6 roughly 30 days before we open an interconnection
7 request window and during that time, we'll also, you
8 know, if a customer signs a non-disclosure agreement,
9 we'll make available the base case data that we've used
10 so that the base case data that they would need to do
11 their own preliminary Feasibility Studies.

12 Now this is one of the areas where we got
13 some comments. There was some concern about us
14 dropping the Feasibility Study. We had one suggestion
15 that we should return the Feasibility Study as an
16 optional item or conduct a pre-queue process. And as
17 Gerald has run through this process, we come to the
18 conclusion that the Feasibility Studies just aren't
19 providing us much value. You know, we've tried to
20 modify the System Impact Study a little bit to account
21 for that. I'll talk about that step a little bit
22 later.

23 And the other thing I think that we're
24 looking at is, we don't plan on establishing a formal
25 pre-queue process, but we kind of view this concept of

1 encouraging customers to get the base case data and
2 we'll help them get that information so that they can
3 run their own studies or they can contact their own
4 consulting firms and they can run the studies in
5 advance, so you've got a better idea before you enter
6 into the process that you've got a good project.

7 Prior to submitting a request, there are two
8 primary requirements. There is a deposit and the site
9 control, and as you can see from the slide here, we've
10 retained the deposits that we had before with the
11 \$250,000 for 75 megawatts and above and \$125,000 for
12 projects 75 and below. When we looked at it, we got a
13 request. One of the comments was a request to scale
14 the deposits from \$40,000 to \$90,000, and we looked at
15 that, but the way our deposits are designed, they are
16 primarily to cover what we estimate the study costs are
17 going to be as we go through the process and they are
18 also, you know, quite frankly part of this was a little
19 bit of a deterrent. We had so many requests when we
20 had a low deposit that getting the deposits up a little
21 bit higher is just a deterrent for, if you will,
22 invalid projects. There's too many speculative
23 projects in the queue. And the deposits of 40,000 to
24 \$90,000 deposits just don't cover that or don't
25 accomplish those goals.

1 So our plan is, as I mentioned earlier, we're
2 going to have two semi-annual request windows. We'll
3 open the window for two months and then we'll do that
4 twice a year. So twice a year we will be reviewing all
5 of the interconnection requests.

6 The next step then is moving into the System
7 Impact Study Scoping Meeting and at that time the plan
8 -- we've expanded our proposal from what was the
9 original in 2003, which basically allowed two levels of
10 study, we're still allowing at this point in time,
11 three levels of study, the study that you submit your
12 interconnection request for, the minimum amount that we
13 can put on the system without requiring network
14 upgrades and then that third level of the
15 interconnection customer's choosing that we study for
16 them.

17 Now at this point, one of the big questions
18 that came up from a number of people was: Why do stand-
19 alone studies? The cluster studies are a better
20 approach. And you know, we still are not convinced
21 that they're going to work on our system. We still
22 retain the option for cluster studies, but what we'd
23 like to do today is defer the discussion of cluster
24 studies till we get finished, and then we'd like to
25 have kind of an informal gathering of all interested

1 parties so that we can hear more about the positions
2 that we've seen in our comments about why cluster
3 studies -- you know, why stakeholders really believe
4 that cluster studies are a superior way to go. So at
5 this point we're going to defer discussion of those.

6 Now the System Impact Study is primarily
7 going to be focused on interconnection facilities, what
8 we refer to as "unit specific network upgrades." And
9 those are the network upgrades, and I'll get into that
10 a little bit. An example, you put a -- interconnect to
11 the system and we build a Ring Bus there to connect
12 that. Well, the Ring Bus is part of the network, so as
13 we go through this, we're going to distinguish between
14 unit-specific network upgrades and just your general
15 system upgrades. There's two different -- we're trying
16 to draw a distinction between the two kinds there.

17 And one of the other things that we want to
18 clarify that we weren't sure that we communicated well
19 last time was we will be looking at system upgrades --
20 or network upgrades in the System Impact Study, but not
21 at the level of detail that we would have looked at in
22 the past. There will be part of this study will
23 identify where there's weaknesses in the system and
24 point to possible mitigation options, but we're not
25 going to provide detailed cost estimates of those kinds

1 of upgrades.

2 Okay. At this point, I just realized I
3 skipped over a point a little bit ago, but I can pick
4 it up right here. In the middle box here you'll see,
5 we'll talk about it. This is the key part of the
6 process, as far as we're concerned, is getting finished
7 with the System Impact Study and then making a decision
8 on how -- we're going to pause here for just a second.

9 (Off record from 1:18 to 1:31)

10 MR. STEINBACH: Good afternoon. This is Ron.
11 Can you hear me on the phone now?

12 MR. SPEAKER: Can't hear.

13 MR. HEIN: It's pretty faint, but I can hear
14 you. This is Jeff Hein, Colorado Public Utilities
15 Commission.

16 MR. STEINBACH: Okay. Well, I'll get my nose
17 right up to the mike then. What I would like to do
18 since we had the interruption here is I'd like to go
19 back to -- it's about Slide 6 or 7. It's the slide
20 with the "A" in the lower left corner and I'm going to
21 backtrack for the people who are on the phone
22 because there were a couple of things that I mentioned
23 that I would like to make sure everybody hears and I'm
24 going to wait another minute or so.

25 [Pause]

1 Okay. I'm going to start in just a minute.
2 I'm going to start on the slide, it's about the sixth
3 slide in. It has an "A" in the lower left corner.

4 [Pause]

5 Okay. I'll go ahead and I'm going to
6 backtrack here just a little bit. Also, can those of
7 you on the phone, put your phones on mute because we
8 are getting just a little bit of background noise?

9 Okay. On this Slide A, we talked about the
10 beginning of the process and the Load and Resource
11 Transmission Study, but one of the things that I
12 covered that was not obvious on the slide is addressing
13 the comments. We received comments about making the
14 Feasibility Study optional and doing a pre-queue
15 process and with the work that we've done, we still
16 don't see a lot of value to the Feasibility Studies and
17 we've modified the System Impact Study process, which
18 I'll talk about a little bit later, that kind of
19 accomplishes some of the same things that the Facility
20 Study was intended to.

21 And we're not going to do a formal pre-queue
22 process, but we kind of think that the process we have
23 set up with helping customers access the base-case data
24 and themselves are having their consultants run studies
25 will also help. That's not a formal pre-queue process,

1 but it's something similar that accomplishes the same
2 goals.

3 On deposits, we're keeping the deposits that
4 we have in place today and the primary reason for that
5 is the high-level of deposits was two-fold. We wanted
6 to make sure that we had enough money up front to cover
7 study costs and then also it was a bit of a deterrent
8 because we were getting too many projects in at the
9 \$10,000 level and we had a proposal, a suggestion that
10 we stage the deposits from \$40,000 to \$90,000,
11 depending on the size of the project. But the problem
12 we run into with that is we don't think that that level
13 of deposits -- it certainly doesn't cover the study
14 costs and it is also not that great a deterrent,
15 either. So we're going to stick with the deposits as
16 we have today.

17 On site control, which for those of you in
18 the room, this is what I missed the first time through.
19 We're still keeping 50 percent site control and to
20 clarify, that's considered on a geographic area. I
21 talked with somebody just a minute ago. An example, if
22 you have a project that needs 10,000 acres, our
23 expectation is by the time you submit an application,
24 you have 5,000 acres of that either under contract or
25 options for that before you submit a request. If you

1 don't meet that level, we will not accept the
2 application.

3 But one of the things you will see as we go
4 through this, we made a change last February. We
5 proposed that site control would increase from 50
6 percent to 100 percent at the Facility Study stage. We
7 have shifted that back now to actually where it is
8 today where 100 percent site control prior to execution
9 of a Generator Interconnection Agreement.

10 So we're going to -- closing out this slide,
11 twice a year we will open our queue, or open a request
12 window for two months to accept applications and so we
13 will basically be cycling through applications twice a
14 year.

15 Now on this slide, we get into the Scoping
16 Meeting for the System Impact Study and as I mentioned
17 -- whoever is moving paper around on their desk, please
18 put your phone on mute?

19 At the Scoping Meeting, customers can
20 identify three levels of generation that they would
21 like to have Tri-State study. We'll study the full
22 output that's submitted in the application. We'll
23 study the minimum that can be put on the system at that
24 location without causing network upgrades and then
25 we'll also pick -- we'll also study a third level of

1 the customer's choosing, somewhere in between those
2 two.

3 Now at this point, I wanted to deviate just a
4 little bit. There's been a fair amount of feedback
5 that we should be doing cluster studies, rather than
6 the stand-alone studies, and we still don't quite see
7 the benefit of the cluster studies. We're still
8 keeping the option in our proposal, but what we'd like
9 to do today is after I conclude my presentation and we
10 finish with questions, we'd like to have just an
11 informal discussion.

12 We're still getting a lot of background
13 noise, people shuffling papers.

14 All right. Okay. And the other thing, one
15 of the things that we wanted to clarify that I don't
16 think we made clear last time around was what are we
17 going to cover in the System Impact Study? The study
18 is primarily going to focus on interconnection
19 facilities and we'll work on what we identified as
20 "Unit-Specific Network Upgrades," so the network
21 upgrades that are right at the site that are needed to
22 connect that interconnect that generator to the system.

23 Now we will also be also be looking at
24 identifying system problems and potential mitigation
25 for those, as far as other lines that need to be put

1 in, but with this process, we're not going to be
2 providing detailed cost estimates on those fixes. As
3 you'll see, the way to get at network upgrades is a
4 different process than we have today.

5 Okay. So at this point, this in my mind is
6 kind of the key to our process. This is kind of like
7 the decision point. The System Impact Study is
8 finished and we have a review with the interconnection
9 customer and a scoping meeting and at that time, we'll
10 just ask for verification that you still have the site
11 control, but then there are several paths to go and on
12 this slide, you can see there's three paths and I'm
13 going to spend a little more time on this process than
14 on the others. And what I'm going to do now is kind of
15 walk through the upper path, which is the Network
16 Resource Path.

17 But before I go there, one of the things that
18 came up also is cost allocations. There was some
19 concern that we were not spending enough time on cost
20 allocations and I kind of hope that by the time we get
21 through this set of slides, you'll see why we don't
22 think under this proposal the cost allocations will be
23 a critical issue because they will be dealt with in
24 another process. In the top process, they will be
25 handled by Tri-State and under the bottom process,

1 they'll be handled as part of the transmission service
2 request. So we don't see them as a major issue going
3 forward.

4 Another question also that came up at this
5 point was there was concern about us requiring having a
6 customer too early in the process and I guess our
7 feeling on that is right along with 50 percent of site
8 control, we feel it's pretty important that at this
9 stage of the game that the project is committed. If
10 you, you know, want to, if you're in this network
11 resource path, in order to get through that, it's
12 pretty critical to have a customer going in.

13 So that's what this center box says. One of
14 the requirements if you're in the Network Service Path,
15 to move forward you need designation of your facility
16 as a Network Resource and you need a deposit of 50
17 percent of the interconnection facilities and the unit-
18 specific network upgrades.

19 Now this part, there's two changes here that
20 we made in this go around and the last version of this
21 is deposit for facilities at this time was excluded
22 from the network path, and we got some criticism that
23 that was discriminatory and went back and looked at it
24 and decided to make that an across the board
25 requirement, but what we did do is -- the old proposal

1 said that the other paths were 100 percent of the
2 cost -- 100 percent of the dollars associated with
3 those upgrades and in this case for all paths, we're
4 only asking for 50 percent.

5 And then one other comment that came up in
6 this, related to this, was at the Facilities Studies
7 stage, we had a question about how we're going to deal
8 with a case when the network upgrades aren't ready, but
9 the generation project is ready to interconnect and
10 start generating, and that's something that we'll deal
11 with, I think, Order 2003 has procedures and that's
12 something we'll deal with. If our network upgrades --
13 system upgrades aren't ready, but you're ready to
14 interconnect to the system, we'll work with you to
15 figure out a way so that you can at least get partially
16 on the system and get some generation out on the grid.

17 So let me recap just a little bit how you go
18 through this network resource path. It goes back to
19 the beginning of our process. This is kind of the base
20 of what we're doing. We get network. Our network
21 customers submit annual load and resource plans. We
22 aggregate those together and do a load and resource
23 transmission plan and in that -- it's a load and
24 resource transmission study, sorry. And in that, we'll
25 identify resource zones where the network customers are

1 interested in having resources connected. We'll
2 identify the network upgrades required to put that
3 resource on and Tri-State will fund the cost of those
4 network upgrades.

5 And again, in this path the customer has to
6 identify that it's with a planned network resource
7 within the resource zone and with also within the
8 limits if the resource zone has a cap of 150 megawatts,
9 only 150 megawatts is all that could be considered as
10 network resources.

11 The Facility Study in this path will include
12 interconnection facilities, the unit-specific network
13 upgrades credits we talked about earlier, and the
14 example --
15 best example I have for that is if at a particular
16 site, a ring bus is required to interconnection for
17 whatever reason, the ring bus is considered under FERC
18 guidelines a network upgrade, not an interconnection
19 facility.

20 So in this case, the interconnection customer
21 will fund those interconnection facilities and the unit-
22 specific network upgrades and the interconnection
23 customer will receive transmission credits for the
24 network upgrade portion of that. Now we also had a
25 question on how we're going to do those network

1 upgrades and quite frankly that's something we're still
2 trying to work through the procedure on, just how we're
3 going to do that.

4 Okay. At this time, this is the same slide
5 I showed a little bit ago, but in this case, we're
6 going to walk through the bottom path or the
7 transmission service reservation path. The
8 requirements going in are similar to the network path.
9 You have to have 50 percent of the funds for the
10 facilities, but in this case, instead of being
11 designated as a network customer, you need to submit a
12 transmission service request through our transmission
13 side of the house.

14 And so how this works is if you're facility
15 is not within the zone, it doesn't qualify. It has a
16 network resource within that load and resource zone,
17 this is another option available to you. You can
18 request transmission under our tariff and then what
19 happens is on the transmission side of the house, we
20 perform the System Impact Study that determines what
21 the network upgrades will be and this study will not
22 include those unit-specific upgrades. It's the system
23 upgrades to get the power from the point of
24 interconnection allowed out through the system.

25 So again, the Interconnection Facility Study

1 in this case is a little bit different. It studies
2 those network -- those interconnection facilities and
3 unit-specific network upgrades, but it also then
4 incorporates the results of the Transmission Impact
5 Study, the network upgrades that are there, and that
6 then gives you a whole picture of what it takes, not
7 only to interconnect, but to get your power on and off
8 of our system.

9 And in this case, the interconnection
10 customer -- well, in this case, okay, we have a little
11 bit of a mistake in this slide here. The
12 interconnection customer will fund all the costs here,
13 not just the unit-specific network upgrades. They will
14 fund all the network upgrades and the interconnection
15 facilities and the interconnection customer will then
16 receive upgrades as the customer will receive
17 transmission credits for those network upgrades.

18 Okay. So this is the last time I'm going to
19 show this slide. And at this point, I'm going to talk
20 primarily about -- there's two things I want to cover
21 here. There's what we're calling the "at-risk path"
22 and the "option to defer."

23 And the at-risk path is the -- if you will,
24 the middle path across here and the requirement is the
25 same as far as the financial part. There will be 50

1 percent of the cost of the interconnection facilities
2 and those unit-specific network upgrades. And this
3 option is available, again, for those generators that
4 are not identified as network resources within a
5 resource zone, and if you, as a customer, choose not to
6 provide a transmission service request, this option is
7 available and again, it's the same Interconnection
8 Facility Study, the same basic one, studies what does
9 it take to get that unit on the system. So they'll
10 study the interconnection facilities and those unit-
11 specific upgrades.

12 And the funding is the same. The customer
13 will fund those requests and then as transmission is
14 used, we will provide transmission credits back to
15 those network upgrades. But the key thing here is that
16 the use of the transmission system under this option is
17 pretty much on an as-is basis. There is no upgrades to
18 make sure you can get the power off the system. This
19 allows you to get it on and if there is a capacity
20 available on a non-firm basis, or if there's some
21 available on the oasis, you can proceed that way. But
22 it's all at -- this one is at the interconnection
23 customer's risk and in a way it's not a whole lot
24 different than the energy resource option under the
25 Order 2003.

1 Now the last topic I want to cover related on
2 that slide D is we also have an option to defer a
3 Facility Study. If you haven't met or if for some
4 reason you've chosen not to submit the requirements
5 that we ask for, at the Facility Study stage, we have
6 an option for a one-time delay of up to one year in
7 conducting the Facility Study and that could be if
8 you're almost to the point where you've got a customer,
9 this gives you an option to go through the process, get
10 that customer without being kicked out of the queue or
11 having been withdrawn from the queue and having to
12 start all over again.

13 When you are ready to come back in, you will
14 be scheduled behind any other request that has already
15 previously met those Facility Study milestones -- back
16 to that first-ready/first-served concept. And when you
17 come back in, regardless of how long up to a year, we
18 use the original System Impact Study that we had done
19 before. We'll take a look at what's changed on the
20 system, update the study and well, I don't think, to
21 me, this doesn't -- this isn't really a restudy, but if
22 we have to, if there's any major system changes that
23 have happened, we've got to incorporate them in there
24 to make sure that your request will still work.

25 So I guess at this point, before we go any

1 farther, this is back -- I just put kind of a big slide
2 up over again. What I'd like to do now is take any
3 questions on topics other than clustering. If you have
4 a question on cluster studies, I'd prefer to wait to
5 discuss that till we get done.

6 Yes, sir. Could you come to the microphone,
7 please? And if you would, state your name and who you
8 are affiliated with?

9 MR. JENKINS: My name is Robert Jenkins. I'm
10 an affiliate with First Solar. Concerning the
11 deposits, it's good. I like to see that they went from
12 100 down to 50 percent, but for example, if you're
13 doing a transmission service request and the length of
14 time it takes to build transmission lines, there still
15 can be a fair amount of money just sitting in the
16 account for quite a period while you're going through
17 all the permitting and the advanced activities
18 associated with building the transmission line. So
19 rather than just having all that cash sitting in an
20 account somewhere, I'm wondering if Tri-State
21 considered something like a letter of credit that can
22 then be monetized according to a draw-down schedule as
23 the project developed, rather than just having complete
24 all that cash right up front?

25 MR. STEINBACH: Okay. The issue that we have

1 with that at least is it's more driven by the economy
2 today and our finance folks are pretty reluctant to
3 accept letters of credit at this time. And I guess,
4 also, my assumption was once the construction starts on
5 a transmission line, we're probably all at the same
6 time be starting construction on the interconnection
7 facilities, as well. And that would no doubt, for
8 sure, but that's kind of just an assumption from a non-
9 engineer anyway.

10 MR. JENKINS: My comment is geared toward the
11 actual time it takes to permit a transmission line and
12 route a transmission line. You can -- I'm not sure
13 about how long it takes for Tri-State to do that, but
14 the area that I work in it can be years. Hopefully
15 it's faster here, but in other words, it requires quite
16 a bit of cash just sitting in an account during that
17 permitting and routing process. I agree that once you
18 start the procurement and construction, you can spend
19 money pretty quickly, but during that routing process
20 and public involvement process, that could take some
21 time and meanwhile the cash is sitting in that account.

22 So it's more getting at is that the best way
23 to structure the handling of the cash during the
24 period? Now is Tri-State going to be sitting on that
25 cash? And I suppose there's going to be some sort of

1 interest on unspent balance at the -- at whatever Tri-
2 State's rate is? So that's actually a cost to Tri-
3 State to hold that money.

4 MR. STEINBACH: Well, I do expect there would
5 be some interest calculated. We'll take that back to
6 our finance folks. That's about all I can commit to
7 today.

8 Okay. I'll take a question from the phone.

9 Does anybody else here in the room have a
10 question?

11 MR. GONZALEZ: I've got a question. This is
12 David Gonzalez with BP Wind Energy North America. It's
13 a little bit hard to hear on the phone, but could you
14 describe the zone concept that I saw on the
15 presentation? Are you looking to create some type of
16 renewable energy zones or some type of generation zones
17 similar to what Public Source of Colorado has done?

18 MR. STEINBACH: No. I don't think that we're
19 -- at least on the transmission side, we're not
20 planning or designing those zones. The zones are going
21 to be pretty much derived from the Load and Resource
22 Studies that we get, at least the Load and Resource
23 Plans that we get from our network customers and, for
24 example, if the network customers end up with a number
25 of requests in Eastern Colorado, that that's where they

1 anticipate they'll put generation, then we'll draw up
2 that. That will become a zone, but it will be driven
3 by the Resource Plan and not by the Transmission side
4 of the house.

5 David, did that answer your question?

6 MR. GONZALEZ: Yes. Thank you.

7 MR. STEINBACH: Nick?

8 MR. MULLER: Ron, yeah, Nick Muller with
9 CIEA. On the two questions that you've already
10 addressed, one was the deposit and then the other was
11 site control. We continue to urge that the deposit for
12 like you're break for 75 megawatts should be something
13 like 40,000. That would still be a deterrent and it
14 should cover your costs. And then site control, we had
15 suggested that at the System Impact Study that it's 25
16 percent of site control, instead of 50 percent so we
17 again urge you to have some flexibility on that.

18 MR. STEINBACH: Okay.

19 MR. BROOKS: Gerald Brooks, Interconnection
20 Administrator. I just wanted to observe that on some
21 of the recent System Impact Study proposals from
22 consultants, we're seeing figures in the ballpark of
23 \$70,000 and some of this is for, say, 100-megawatt wind
24 project, and it may be that those estimates are on the
25 high side to make sure that the consultant gets the

1 work done within budget, but the result of people
2 seeking multiple alternatives to optimize their
3 project, it's surprising how fast the money goes when
4 you are trying to get a project sized to suit the
5 business plans of the customer and if we did go to a
6 deposit structure as low as \$40,000, I would be very
7 concerned that we would not be able to afford even the
8 System Impact Study, much less having any reserve to
9 carry you through the Facility Study in case you happen
10 to succeed and wanted to stay on the fast track.

11 One of the reasons for the larger deposit
12 upfront is to be able to go the distance without a lot
13 of time outs to rework a study scope and go round up
14 money and get the account back in the black so that you
15 can tell the consultant to get working again. From an
16 engineering standpoint, it's easier to finish one job
17 and start the next and not have to go back and check
18 the bank account and make sure that you're not going to
19 essentially end up carrying a customer that would
20 withdraw. So that the idea of a low deposit is
21 challenging from a work flow standpoint.

22 I have also a written question from the
23 phone, and the question goes: Can you get me some
24 detail as to what your Load and Resource Transmission
25 Study is? I mean, it's Ray Som, company not named.

1 MR. STEINBACH: Andy, would you like to take
2 that?

3 MR. LEONI: This is Andy Leoni with Tri-
4 State, Power System Planning.

5 The Load and Resource Transmission Study or
6 the plan that we envision there is consistent with our
7 network service agreements that we have in place with
8 our network customers, but then those agreements note
9 pro forma agreements. Each year our network customers
10 are to supply us with a load forecast and a resource
11 plan -- a resource forecast. It's our obligation as
12 transmission providers for those network customers to
13 make sure that there's adequate transmission to serve
14 the load and deliver the resources to the load. That's
15 one of the functions of a transmission provider.

16 So what we envisioned was the taking that
17 load forecast and potential resource plans, so there
18 might be a couple of different scenarios, of where the
19 network customers think they may -- areas, I'm trying
20 to stay away from using the word "zones," based on the
21 earlier question, but network customers would provide
22 to us a list of potential resource locations and of
23 course, their load forecast, and we'd go through and
24 study a couple of different options and determine what
25 type of transmission -- determine what transmission

1 system would be needed to deliver those resources to
2 the forecasted load. That would be the Load and
3 Resource Study.

4 Does that answer the question? Does anybody
5 have any follow-up questions from that? Okay. Thanks.

6 MR. STEINBACH: Any other questions here in
7 the room? Any other questions on the phone?

8 [No audible response.]

9 Okay. Well, I'd like to wrap up with the
10 last slide there that I'm going to cover today is the
11 Proposed Schedule. You'll see some slides at the end
12 and those are kind of the comments and responses and
13 I've covered most of those already, so I'm not going to
14 go over them again today.

15 Our plan is to put out a draft, Large
16 Generator Interconnection Procedures document by no
17 later than Friday of next week, and then review that
18 out for review and comment for about four weeks,
19 targeting June 12th, and the rest of the schedule is a
20 little bit open at this point. Our plan is to post the
21 final LGIP on our OASIS 30 days before it would be
22 effective and we anticipate the effective date some
23 time late this summer, and then 30 days after the
24 effective date would be when it would -- when we would
25 publish our Load and Resource Transmission Study and so

1 that, in essence, is roughly 60 days from the time we
2 post the study until the time the first set of data
3 comes out and then sometime our procedures at this
4 point say no later than 30 days after the publication
5 of the Load and Resource Study, that we'll open the
6 request window and have an information meeting at that
7 time.

8 So if there's no other questions then --
9 okay. Hang on. I've got a question in the room.

10 MR. SPEAKER: I've got a question on the
11 phone?

12 MR. STEINBACH: Can you hang on just a
13 second? I've got somebody at the mike here in the room
14 and then I'll get to you.

15 MR. BANTU: This is Ravi Bantu, just a
16 clarification on the bi-annual interconnection request
17 window. How big is your window? Is it two months,
18 three months, or are you talking about six months?

19 MR. STEINBACH: I'm sorry. It is two months.
20 We're going to have two two-month windows each year at
21 the start of our second window will be six months
22 after the start of the first window, so it'll be open
23 for two months, closed for four months, open for two.

24 MR. BANTU: My other question is: What
25 requests should there be in that two-month window? I

1 know that it's subject to the window of requests you
2 get, but are you planning on getting those studies done
3 before you open up the next window?

4 MR. STEINBACH: Probably not.

5 Okay. There's a question on the phone.
6 Please go ahead.

7 MR. SPEAKER: It's just related to the open
8 request window. You say that's going to be like
9 November/December of this year?

10 MR. STEINBACH: That's our best guess at this
11 point, yes, sir.

12 MR. SPEAKER: Great.

13 MR. STEINBACH: Last call for questions. If
14 there's no questions, we're going to try to break in to
15 a small group here. If anybody's interested in talking
16 about clustering, we'll keep the microphone open for
17 anyone on the phone, as well, to give us some feedback,
18 but at this point, thanks everybody for coming and
19 we'll take about five minutes and then if anybody is
20 interested in sharing their views on cluster studies,
21 we would like to hear them. Thank you.

22 MS. SPEAKER: If you could keep on this mike,
23 that would be useful for people to hear on the phone.

24 MR. STEINBACH: Okay. I'll do it.

25 (Recess taken from 2:04 p.m. to 2:15 p.m.)

1 MR. STEINBACH: If everybody can gather
2 around here?
3 We would like to get started on the topic of cluster
4 studies, please. Maybe we could get somebody on the
5 phone to weigh in first and maybe that'll get the
6 people in the room here together. What we're
7 interested in is understanding some of the concerns or
8 how some of those stakeholders feel that the cluster
9 study process would work and how it might be better
10 than what we're proposing?

11 Anybody on the phone have any thoughts?
12 Anybody in the room?

13 All right. Go ahead.

14 MR. BROOKS: Gerald Brooks, Interconnection
15 Administrator. I just wanted to relate second-hand a
16 sense of what we heard from the New West Energy
17 Alliance about cluster studies that essentially there
18 is some attributes of the MISO large generator approach
19 that they like because it could maximize the amount of
20 generation that you could get out of the region and
21 there are some differences because MISO is an RTO and
22 they have a larger market and they're not surrounded by
23 neighbors with their own transmission system, such as
24 Tri-State being neighbors with Western and PSCO and PMN
25 and Colorado Springs, and a lot of the discussion went

1 to whether it would be more efficient to study
2 everybody at one time, compared with doing a lot of
3 stand-alone studies and some of the RTO's had the
4 position that there's just no way to handle the volume
5 of individual projects. So that as a practical matter,
6 the cluster approach is a way to get the work done.

7 My own take on the practicalities of cluster
8 studies is that there seems to be an iterative need to
9 identify who really is willing to stay in and go the
10 distance and build the transmission that's needed if
11 you put a lot of projects together. We have seven or
12 eight projects down in Northern New Mexico, another ten
13 or so out in the Burlington area, and several down at
14 Lamar and any one of those projects on their own might
15 be able to go forward, take responsibility for all of
16 the business plan attributes that are within their
17 control, work with the transmission provider for the
18 factors that are within Tri-State's control and get a
19 project built. And if that one project that could get
20 onto the existing system is tied together with one or
21 more other projects, then there's a question about
22 whether the upgrades need to be increased, whether the
23 other project also needs to have a Power Purchase
24 Agreement somewhere or some other element of their
25 business plan, and if you put two or three projects

1 together, it seems that there's an increase in the odds
2 that the vision to support the upgrades is subject to
3 more points of failure.

4 And so if you started with a cluster study
5 of, say, 3,000 megawatts, you're designing a really
6 large system and not only do you have the question of
7 whether two projects can go the distance, but you raise
8 the fundamental question: What can Tri-State do as a
9 recipient of generation? In reality, do you need a 345
10 KB line to be able to serve Tri-State or is this power
11 going to go somewhere else? And again, if it's more
12 advanced to you than Tri-State can handle, there's an
13 economic question of how the cluster study result is
14 cost effective.

15 On a bigger scale, a cluster approach,
16 needing an outlet for the 15,000 megawatts in the queue
17 and it's less now because some customers have
18 withdrawn, but nevertheless it vastly overwhelms Tri-
19 State's future demand. The network upgrade solution
20 seems to be that a truly funded cluster would have to
21 go to California to be able to deliver enough
22 generation and that would put Tri-State in a business
23 on its own that is going far beyond its normal mission.

24 So what we're trying is get built what we can
25 as soon as we can with some realism about the local

1 market and not being in control of neighbors and
2 recognizing the cost of transmission service, it seems
3 that having a stand-alone approach, at least puts the
4 opportunity out there for each individual project to
5 possibly succeed, rather than risking long delay in a
6 group.

7 The others may have different views and I
8 probably didn't articulate the NRS view. I notice Nick
9 is back, so he could certainly give it a go.

10 MR. MULLER: Yes. The -- not to force --
11 excuse me, not to force the cluster study, but to have
12 it as an option if the parties want to have it, so
13 maybe you've already covered that. I'm sorry I was
14 outside the room, but it was felt to be a good option,
15 I think both Sherry and NRS were thinking that and how
16 you could have it as an option, I was going to ask you
17 what your thinking was.

18 MR. BROOKS: Well, since Nick was looking at
19 me when he said that, I recall that one of the
20 conversations after the last stakeholder meeting was on
21 the question of whether individual stand-alone studies
22 and cluster studies are mutually exclusive. And one
23 argument would be the only that you could require
24 people to participate in a cluster study is to close
25 the door for any other independent activities and to

1 the extent that one developer could do their own
2 business strategy and secure transmission, it would be
3 allowing an unpredictable effect on the planning for
4 the total cluster, and another angle would be if you
5 had several stand-alones in the region and they were
6 all out on the same work bench with the same base case
7 and the same study template, and the premise that
8 you've got five projects, but there's only one known
9 RFP in the vicinity, so we're not going to model as if
10 all the projects are going to be winners, but all the
11 projects would be given as close to equal footing as we
12 can, so that the senior project in the queue gets
13 studied first, but immediately after that, the next
14 project basically could use all the same knowledge that
15 was acquired, remove the first project's technical data
16 and insert their own, and have a base case that would
17 be fairly replicable so that in a given short period of
18 time, the four or five customers would at least be on
19 equal competitive footing to bid their projects.

20 And if the idea of cost allocation in the
21 study is to get knowledge about what you're getting
22 into, then the one project success portrait would be
23 closer to the likely reality than the five projects,
24 but we don't know where they're going approach. And
25 whether that's an adaptation that's neither total stand-

1 alone, nor total cluster, would be one way to
2 philosophically look at what you could gain from
3 sharing that, you know, right now knowledge about the
4 system.

5 I really don't know whether it would succeed
6 to have a cluster round-up and conduct a cluster study
7 where all the attention is on the engineering a fairly
8 large-scale system, whether we'd really have time for,
9 you know, and just to make a metaphor, it would be kind
10 of like Santa's workshop with customer toys while we're
11 having to build the car at Santa's workshop. And one
12 of the things that I personally like about the stand-
13 alone studies is that each customer pays for the work
14 that gets done and each customer has an opportunity to
15 take the lead about the evolution of their project
16 within the rules and reliability standards and queue
17 position constraints and when you're in a group, I
18 think that customers impart forth with that and if
19 there was a customer lead, or if the customers got
20 together and formed their own cluster, then at least
21 there would be a way to pull the project, rather than
22 treating it like a cattle roundup.

23 So with that, I think I'm pretty well used up
24 on ideas as to how to integrate the two concepts.

25 MR. MULLER: The only last comment I'd make

1 is just to allow for the possibility of the different
2 suppliers pulling the cluster group together on their
3 own, as opposed to putting the burden on you to pull
4 the cluster together, so just having the ability for
5 them to come in and say, "Hey, we've rounded up a
6 group. We have interests that could merge here," and
7 so if we have the possibility for the cluster where the
8 parties pull it together.

9 MR. BROOKS: I think that you know, we really
10 encourage any common sense solutions that we can get
11 to, you know, number one, building out the system in a
12 rational way and number two, having customer
13 satisfaction and so in principle, that would be the
14 best approach that, you know, we could see to having
15 group studies or cluster studies that is something that
16 the customers have choreographed so that we don't have
17 to do the money collection and change the plan cycles.

18 MR. STEINBACH: Nick, just one follow-up, as
19 we are leaving the cluster study option in our
20 procedures. We are not -- it is in there primarily at
21 our option, but we're not taking that off the table
22 completely.

23 Any other questions or comments or thoughts
24 on cluster studies?

25 Thank you everyone. I appreciate your time

1 today and just a reminder, we'll get the LGIP posted
2 and sent out next week. Thank you.

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1 STATE OF COLORADO)
2) ss. CERTIFICATE
3 COUNTY OF DENVER)
4

5 I, Christopher Boone, Certified Electronic
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11 I further certify that I am neither counsel
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17 In witness whereof, I have affixed my
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