TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.
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Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Tri-State Generation and Transmission Association (Tri-State) is submitting these comments on the Western Area Power Administration's (Western) Notice of Proposed Program and Request for Public Comments (74FR9391). Tri-State appreciates Western's efforts to aggressively pursue implementing its obligations under Section 402 of the American Recovery and Reinvestment Act of 2009; however, Tri-State strongly recommends Western takes the time to carefully analyze the impacts of its proposed rules and to adopt unambiguous and transparent procedures that will ensure the benefits and risks associated with the program are known. Tri-State has several general comments and a number of specific suggestions on how Western can improve its draft procedures.

General Comments:

- In general the proposed procedures lack specificity. In order to ensure accountability for the expenditure of funds under this authority, the procedures must be more specific, without being confining. For example, the proposed procedures make little reference to determination of priority for selection of projects that Western will fund, how rates will be set to recover cost, and how existing customers will be protected from potential spill over of costs created by managing and operating transmission lines built under this authority. Tri-State believes that the many decisions that will be made by Western's staff must be done in consultation with existing power and transmission customers or potential beneficiaries of lines constructed under this Act. These procedures leave too much uncertainty for participants and risk Western's ability to demonstrate accountability of the funds expended.

- Tri-State believes that Western has identified an appropriate balance in its definition of its Program goal "to identify, prioritize and participate in the study, facilitation, financing, planning, operating, maintaining, and transmission facilities and additions that will help bring renewable energy resources to market across the West." (74 FR 9392) This goal does not restrict transmission usage to renewables only and allows the transmission of other generation resources. This concept will "help bring renewable energy resources to market" by ensuring that there will be a revenue stream sufficient to meet the requirement that the projects will have a reasonable expectation of meeting repayment obligations. It is imperative that Western retain this Program flexibility.

Specific suggestions:

- Tri-State applauds Western for its encouragement of outside non-Federal participation in transmission built under Section 402; however Western needs to make it clear that this participation will grant the participants perpetual ownership-like rights, without restrictions on usage, in proportion to the non-Federal participants' share of the investment.

- In its proposed program Western neglects to mention coordinating planning of these projects with existing regional planning organizations. In particular, in the Western Interconnection, Western must follow the WECC/TEPPC 3 phase planning process. Additionally, Principle 2 should be restated to say that the standard should be "collaborate with existing planning processes to enhance reliability," in place of the current wording: "not adversely impact system reliability."

- As mentioned in the general comments, Western's proposed program provides no guidance on the criteria that Western will use to prioritize the projects. In order to expedite the construction of new facilities, Western should first look at projects that are already under development or have completed, or are currently working through, the WECC planning process.

- Construction of Extra High Voltage transmission lines often has a significant impact on the underlying and adjacent transmission systems. In these procedures, Western must commit to standard planning procedures to identify impacts to the transmission system and commit to pay for mitigating the system impacts on the non-Federally owned underlying or adjacent systems.

- Western should restate Principle 5 to say that a project is capable of delivering ancillary services not "providing" them. Furthermore, Western should not commit to provide ancillary services from Federal generation projects to support construction authorized under the ARRA. Most of the Federal generation that Western manages in consultation with the Federal generating agencies is already close to the operating limits. There is simply insufficient Federal generation available to Western to support the additional resources that will be added to the system as a result of the increased transmission capability. This is particularly true for the addition of intermittent generation, which frequently places a disproportionably large load on the Balancing Authority's ancillary services requirements. Western should commit to purchasing, or otherwise acquiring additional ancillary services for these projects. As with other costs, existing customers should be insulated from the additional cost of ancillary services resulting from Section 402 projects.

- Western should state that it will adopt rate setting methodologies consistent with Department of Energy Order RA6120.2.

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- In Paragraph V.2. Western states that it will make capacity excess to its needs available under OATT-like processes. It is unclear what needs Western refers to since the additions envisioned under this authority go beyond Western's immediate needs. Tri-State supports the adoption of open access transmission availability; however, Western should state that it will make all capacity available under these terms.

- In the proposed program Western does not define how it will determine a "reasonable expectation" of project pay out. Additionally, Western does not identify criteria for making such a determination.

As a result of the lack of specificity in the Notice of Proposed Program, Tri-State is unable to adequately assess the potential impacts and implications of submitting expressions of interest in particular projects as requested in Western's Notice of Availability of Request for Interest (74FR9391). For example, on its Website, Western states that "Parties wishing to submit a Statement of Interest should download the entire Request for Interest and Credit Application." It seems premature in the process to be requesting credit information, particularly without more detailed guidance on confidentiality procedures.

Due to the uncertainty described above, the complexity of the proposed program and the long range implications of decisions Western will make, Tri-State encourages Western to consider conducting another forty-five (45) day comment period after it revises its proposed program in response to comments. A revised proposal that incorporates the comments received during this initial round and includes more specifics would allow Tri-State to assess whether some of the many transmission projects we have under consideration could benefit from working with Western under this authority. Tri-State appreciates this opportunity to provide comments to Western on its proposed program and looks forward to a continued working relationship with Western.

Sincerely,

Ronald W. Steinbach
Transmission Policy Administrator

RWS/fmw

cc: Joel Bladow
Mac McLennan